FOREIGN AGRICULTURE

May
1980

United States Department of Agriculture Foreign Agricultural Service

Ten Billion-Dollar U.S. Farm Markets • The Mighty Hamburger "Arrives" in West Germany • Water Price Hike May Hurt Some Key Israeli Farm Exports • Smut and Rust Cut Jamaican Sugar Output

Broad Policy Questions Face World Farm Community In the '80's

The decade of the 1970's was a difficult one for the world economy in general and for agriculture in particular.

Since the early 1970's, we have had disappointing economic growth, high rates of inflation, growing unemployment, soaring energy costs, extremely volatile international monetary and foreign exchange markets, and political instability in several areas around the world. In agriculture, there have been rapid shifts from surpluses to shortages to surpluses once again.

We have learned from these events the meaning of the concept of interdependence in its several dimensions. First, major changes are occurring within each agricultural sector:

- Farms are becoming more specialized and dependent upon each other for inputs.
- Farms are growing in size and requiring greater access to capital, new tenure arrangements, and better management.
- Farms are more dependent on purchased inputs.
- Farms are producing for an ever-increasing commercial and international market.

These changes raise a number of issues about government policy. Should government control the rate of change, and if so, how? Should governments ease the pain of adjustment and how? Should governments maintain price stability and income levels, assure the life of our communities, and shape the type of agriculture we want?

Second, the relationships between agriculture and the rest of the economy are becoming increasingly complex. This integration and interdependence have had a profound effect on the role of agricultural policy and even on the nature of that policy development.

In all OECD countries we are experiencing a broadening of interest in agriculture. More and more voices demand to be heard in shaping agricultural policy. Consumers, taxpayers, environmentalists, health and nutrition interests, organized labor, agribusiness, energy conservationists, inflation fighters, and others have added their interests to those of farmers in the formulation of agricultural policy.

Third is the increasing interdependence at the international level:

- It makes a difference to the hog farmer in Germany and the poultry producer in France at what level the United States sets its price for government loans on corn and at what level it releases corn from the farmer-owned grain reserve.
- It makes a difference to the Thai manioc producer, the U.S. midwest corn producer, and soybean producers in both North and South America at what level the agricultural policy makers in Brussels set producer prices for farmers in the EC.

This global agricultural interdependence gives rise to the importance of all bilateral and multilateral consultations and negotiations that take place among our respective governments.

Governments necessarily tend to react to short-run events. But at OECD we have the opportunity to take a more fundamental look at the forces at work and how to cope with them.

In the intermediate run—for example, the first half of the 1980's—we may be facing rapid shifts from surpluses to shortages and vice versa. One researchable problem in this connection concerns the costs and benefits of alternative levels of self-sufficiency. For instance, is it more beneficial for a national economy to assure self-sufficiency in grain even in years of below-average yields, and store or export surpluses in years of average and above average production . . . or would it be better to avoid the possibility of surpluses by supplementing domestic production with imports? Our sugar and beef economies illustrate that principle. There is no doubt the United States could attain self-sufficiency in these commodities by following a protectionist policy. This, however, would require consumers to pay higher prices or seek substitutes. And this, in turn, would reduce consumption of the protected products.

In the not too distant future the world may be faced with chronic food shortages and upward pressure on prices unless we plan ahead imaginatively.

As the agricultural leaders of the world's industrial economies, we need to discuss the following issues:

- How do we achieve market stability at reasonable prices?
- What is an acceptable level of world security and how do we achieve it?
- How can we adjust our individual agricultural sectors to domestic and international market forces on the basis of liberal rather than restrictive agricultural and trade policies?
- How can we contribute to the humanitarian needs, economic growth, and stability of developing countries?
- What are the unique combinations of national policies and international accords and mechanisms that will contribute to market growth, price stability, and fair competition in international agricultural markets?

—Statement by Secretary Bob Bergland, presented at OECD Agricultural Ministerial Meeting in Paris in March by Dale E. Hathaway, Under Secretary for International Affairs and Commodity Programs.

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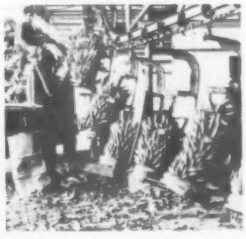

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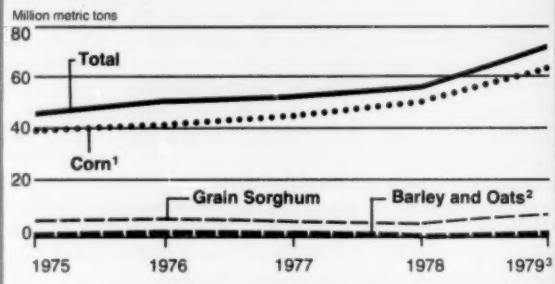
AGRI-DATA

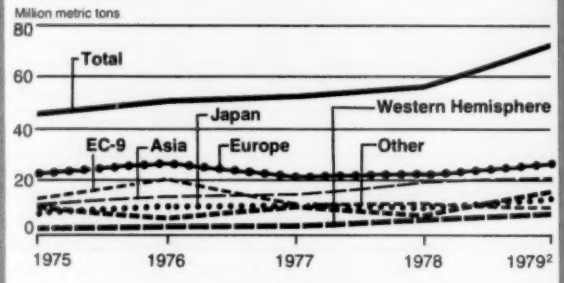
U.S. Exports of Feed Grains

By Commodity



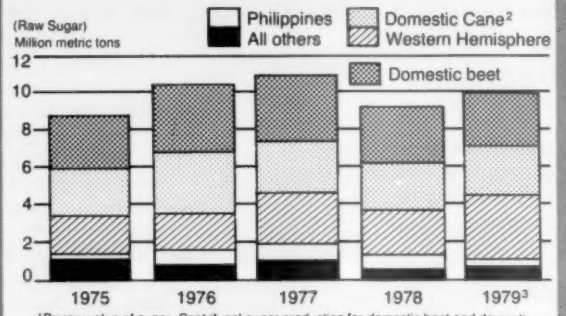
[1] Includes corn and cornmeal for relief, cornmeal, hominy and grits, and cornstarch.
[2] Includes barley meal and oatmeal.
[3] Forecast.
Details may not add because of independent rounding.

By Destination[1]



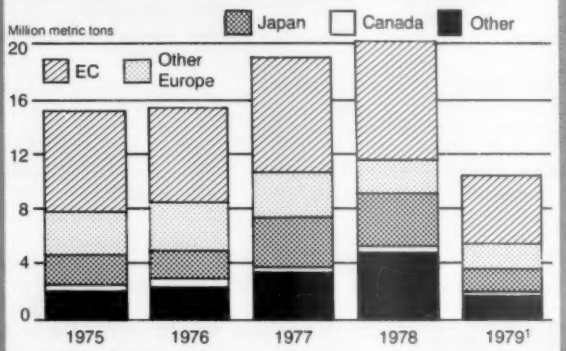
[1] Includes corn and cornmeal for relief and the following products: cornmeal, hominy, and grits, cornstarch, oatmeal, and barley meal.
[2] Forecast.

Sources of Sugar Used in the United States[1]



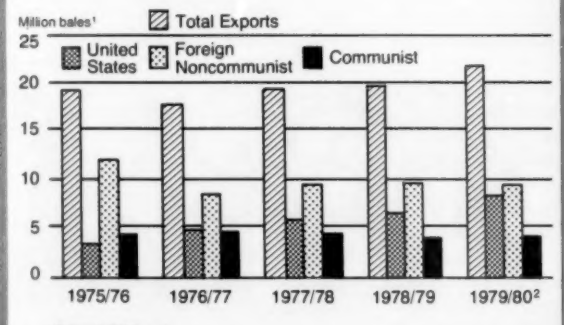
[1] By raw value of sugar. Centrifugal sugar production for domestic beet and domestic cane and imports from foreign suppliers.
[2] Includes mainland cane, Hawaii, Puerto Rico, and Virgin Islands.
[3] Preliminary.

What Countries Take U.S. Soybean Exports



[1] September-January
Year beginning September 1

World Cotton Exports



[1] Bales of 480 lb. net.
[2] Forecast.

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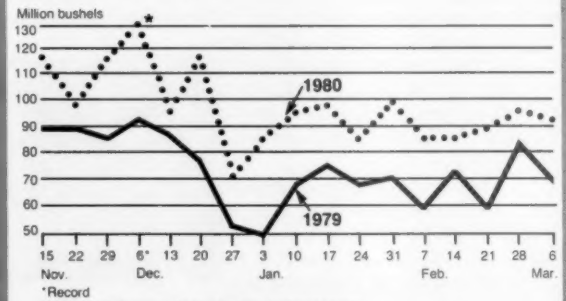


*Record
[1] Grains include corn, wheat, sorghum, barley and oats.
[2] Week ending on date given.

COMMODITY UPDATE

THE APRIL OILSEED AND PRODUCT FORECAST FOR 1979/80 HAS BEEN REVISED UPWARD TO 181.8 MILLION METRIC TONS, 1.75 million tons above the previous month's estimate. Much of the increase can be attributed to a 900,000-ton gain in the Brazilian soybean estimate and a 300,000-ton rise in the Indian peanut crop.

The Brazilian soybean harvest is well underway and so far no major problems have surfaced. Unlike the previous 2 years, in which drought conditions devastated the soybean crop, this year's weather conditions have been excellent, and a record yield of 1,835 kilograms per hectare is expected.

Brazilian soybean yields are currently only slightly below those of the United States and Argentina and are 45 percent above Brazil's 1978/79 level.

Soybean prices continued to decline in March, with soybean prices off 5 percent, soybean meal down 7 percent, and soybean oil 6 percent lower. Most other oilseed prices declined in sympathy with those of soybeans, also reflecting the effects of record oilseed supplies.

Soybean and product exports remained strong in March, well above the average figures for earlier months in the current marketing year. Soybean, soybean meal, and soybean oil exports for 1979/80 are forecast at 22.3, 6.5, and 1.0 million metric tons, respectively.

RHODESIA'S TOBACCO AUCTIONS OPENED APRIL 8 FOR THE FIRST TIME SINCE UNITED NATIONS SANCTIONS were imposed in 1965. (The sanctions were lifted in December 1979.)

Trade sources report that prices for the first day of sales averaged less than 60 U.S. cents per pound, with top grades bringing about US$1.05. Rhodesia's current crop is estimated at about 220 million pounds; quality is considered average. In addition to the current crop, supplies of some 150 million pounds of uncommitted Rhodesian tobaccos from earlier crops are reportedly available.

The sizable Rhodesian tobacco supply is affecting prices for tobacco from Malawi, another important African producer. Depressed prices for Malawi's flue-cured crop (averaging about 50 U.S. cents per pound) have resulted in suspension of sales in Limbe. Malawi's 1979/80 flue-cured crop is estimated at a record 60 million pounds.

WORLD MILK PRODUCTION IS FORECAST TO INCREASE BY ABOUT 0.05 PERCENT IN 1980 to total 409.5 million metric tons in the 36 principal producing countries. Most of the growth will occur in the United States, the European Community (EC), Brazil, and selected East European countries.

The USSR, the world's largest single milk producing country, is expected to have a decrease this year, along with India, Australia, and New Zealand. The projected rise in 1980 world output is below the 1 percent gain registered in 1979.

World cheese production should continue to expand this year, reaching about 8.9 million tons, a 3 percent climb over last year's total. Major production gains are anticipated for the United States, the EC, Australia, New Zealand, and selected East European countries, with no countries indicating declines.

Butter production in 1980 may be up slightly to around 6.1 million tons. Butter stocks, however, are expected to continue to drop to around 782,000 tons by yearend. The EC, while continuing its stock drawdown, will still hold almost 60 percent of the world butter total at the end of 1980.

Production of nonfat dry milk (NFDM) in 1980 likely will rise to almost 4.2 million tons—1.5 percent over the previous year's level. World stocks of NFDM are expected to continue to decline this year by 4-5 percent to around 798,000 tons.

In the United States, NFDM stocks are expected to increase by almost one-fourth to around 271,000 tons as milk production is outpacing U.S. demand for dairy products this year.

WORLD 1979/80 COTTON PRODUCTION IS A RECORD 65.4 MILLION BALES (480 lb net), based on FAS *World Crop Production Circular* of April 10. The world crop is 9 percent larger than that of 1978/79 and 8 percent above the 1971-75 average.

U.S. production of 14.6 million bales (based on the Bureau of Census *Cotton Ginnings Report*) is the largest since 1965. Foreign production is estimated at 50.7 million bales. Soviet production is estimated at 13.1 million bales and Chinese production, 10.2 million bales.

World 1979/80 consumption continues to expand for the third consecutive year, and is forecast at a record 65.0 million bales. U.S. and foreign cotton demand has remained strong.

U.S. exports are forecast at 8.5 million bales, the highest level since 1932. China, Japan, and Korea have been the largest buyers of U.S. cotton.

Preliminary 1980/81 forecasts indicate foreign cotton area is expected to increase about 3 percent to about 27.7 million hectares, the highest figure since 1974/75. Soviet area is expected to increase slightly to about 3.1 million hectares, and Chinese to about 4.7 million hectares.

THE WORLD GRAIN SITUATION HAS IMPROVED SLIGHTLY SINCE THE LAST REPORT IN MARCH. This month's increase mainly reflects larger coarse grain crops in Brazil offsetting declines in Argentina.

The wheat situation and outlook has been influenced by continued favorable prospects for the Northern Hemisphere's winter wheat crop, which accounts for about three-fourths of world wheat production and roughly 35 percent of the total for wheat and coarse grains.

Estimated world wheat trade level for 1979/80 has been boosted by about 500,000 tons, owing largely to upward revisions in estimated imports by Iraq and Bangladesh. Wheat export estimates for the European Community (EC) and Turkey have been increased from those of a month ago.

Main factors affecting the current world coarse grain situation are continued sharp downward revisions for Argentina's corn and sorghum crops, and expectations of bumper corn harvests in Brazil and South Africa.

On the basis of continued strong demand, 1980 rice trade is estimated at a record high. The 1979/80 world production estimate remains unchanged, with the prospect that an improved Brazilian harvest will offset small declines in several other countries.

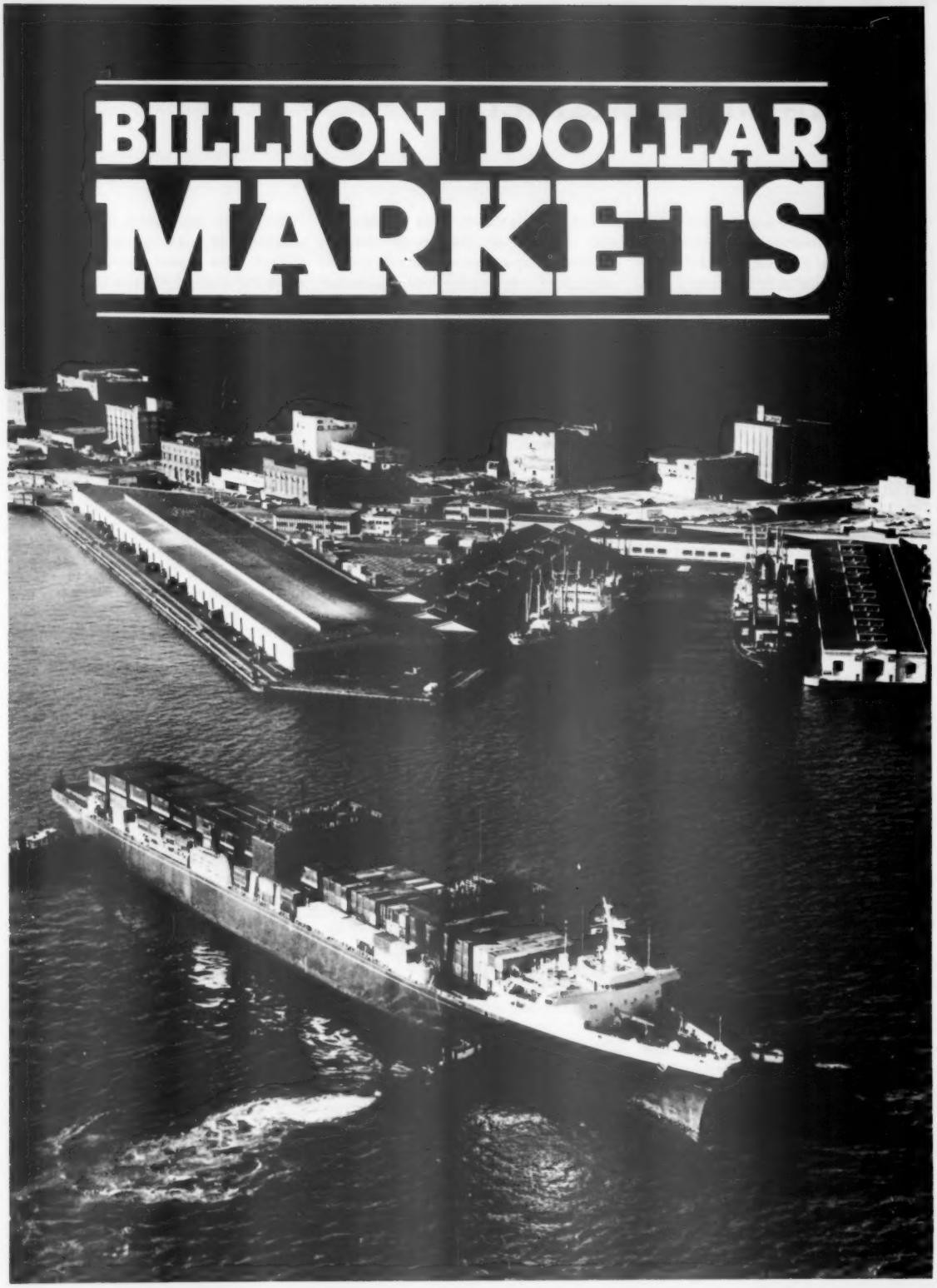
WORLD PRODUCTION OF ONIONS AND GARLIC UP MARGINALLY IN 1979.

Global onion production last year, at 16.2 million tons, rose 1 percent from the preceding year's level. Larger harvests in the Western Hemisphere and Asia offset smaller crops in Europe and Africa.

The 1979 world garlic crop is placed at 1.8 million tons, 11 percent greater than outturn in 1978. Production expanded as a consequence of output gains in the Western Hemisphere, Europe, Asia, and Africa.

U.S. exports of onions during the 1978/79 (October-September) marketing year were up 14 percent from the previous year's because of significantly larger shipments to Japan.

BILLION DOLLAR MARKETS



U.S. Export Gain to Japan In 1979 Almost Equal to 'New' Billion-Dollar Market

Japan added more muscle to its long-standing status as top U.S. farm market when U.S. agricultural exports there in calendar 1979 reached a new high of $5.26 billion—almost double the next largest market.

U.S. farm exports to Japan should gain again in 1980, although growth may be slower as a result of the longer term oversupply situation in rice, the recent pork surplus problem, increased domestic wheat output, slowdown in cotton imports, and stagnation in tobacco usage.

Still, the size of the Japanese market for U.S. farmers is underscored by the 18-percent gain in U.S. farm exports in 1979, which alone amounted almost to opening a "new" billion-dollar market. In fact, the increase of $820 million from 1978 would have ranked—by itself—as the 13th largest U.S. farm market last year.

Twin billion-dollar peaks were also reached last year. U.S. corn exports to Japan exceeded a billion dollars for the first time. Ditto, for U.S. soybeans.

U.S. corn exports to Japan totaled $1.2 billion last year versus $911 million in 1978 and U.S. soybean exports reached $1.03 billion from $981 million a year earlier, according to U.S. Census data (unadjusted for transshipments). For other top U.S. exports, see table.

The United States retained its position as leading supplier with a market share of about one-third.

Rice will continue to be the center of attention for Japanese agricultural planners. Excess stocks may be as high as 5 million tons this October, even if plans for a stepped-up rice land diversion program and surplus rice disposal are successful. Much depends on this summer's weather. For the past two growing seasons, ideal weather and intensified practices have practically negated the effects of these programs.

Last year, high pork production and strong imports raised stock levels and forced prices down. Pork producers, who decided to reduce the strong domestic expansion, pressured processors to build intervention stocks and restrain imports because of the surplus situation. The situation should be realined before mid-1980. Increased sow slaughter will reduce production in late 1980. Total production increase will be smaller in 1980, and with strong demand for pork, imports should recover. Beef demand continued strong and imports, while continuing under strict quotas, exceeded the Government's international commitments.

Wheat imports may decline in 1980 as more domestic wheat is produced on diverted rice land.

In 1979, feed mills raised production as a result of the growth in swine, beef, and broiler feeding. But overexpansion (mainly in pork), lower returns for farmers, and higher feed costs will dampen growth in 1980.

Overall, 1980 will be a period of adjustment as feed utilization continues to grow, but not at last year's rate. However, the growth rate in soybean usage and imports will likely exceed that of 1979.

Recovery of cotton spinning made headway in 1979, but imports of low-priced cotton goods cloud spinners' optimism about the future. The country's cotton usage and imports are expected to continue upward this year, although not at the strong rates experienced last year. Plunging imports of leaf tobacco reflect Government's efforts to control soaring stocks. Japan's tobacco utilization has leveled off and imports will decline in 1979/80, mainly because of large stocks and stagnation in cigarette consumption.

Difficulties persisted with rice despite the Government-reported diversion of 466,000 hectares of rice to other crops in 1979. This represents a 6.6 percent gain over the 438,000 hectares diverted the previous year.

Still, rice production stood at 10.9 million tons, compared with 11.5 million tons a year earlier, as yields were the second highest on record.

Unexpectedly large rice export sales to Asian markets greatly exceeded initial goals, impacting strongly on world rice trade. Due to the timing of shipments, rice exports in JFY 1979 (April-March) may reach 769,000 tons, well above the calendar 1979 level of 575,000 tons. Major importers were: Indonesia, 350,000 tons (brown); South Korea, 250,000 tons, (brown); and Bangladesh, 200,000 tons (milled).

Japan has been a tremendous growth market for feedstuffs. Since 1964, feed production has trended upward at a rate exceeding 935,000 tons per year while grain consumption in feed has increased more than 670,000 tons per year. Since 1975/76, the growth in both areas has been sharply above trend. However, Government's plans to dispose of about 2 million tons of surplus rice in livestock feed may limit growth in the use of cereals over the next few years.

Japan's compound feed industry, totaling 215 feed mills, is the single largest consumer of imported feedgrains. Livestock feed production in 1979/80 is projected at 23.1 million tons, up 5 percent from the previous year's.

Use of grain in compound feed manufactured during 1979/80 is forecast at 15.2 million tons, up 6 percent from the year earlier.

Imports of coarse grains during 1979/80 are forecast to rise about 600,000 tons to 18.5 million tons, including 11.3 million of corn, 5.3 million of sorghum, and 1.6 million of barley. The United States is expected to supply more than 85 percent of the corn and possibly more than half of the sorghum.

Japan's total wheat imports in 1979/80 are forecast to fall 3 percent to 5.5 million tons, with much of the

decline representing smaller U.S. exports. The overall decline results from increased domestic output, which rose from 366,700 tons in 1978 to 541,300 in 1979.

Based on this estimate, Japan's soybean crush in 1980 is placed at 3.73 million tons, up 10 percent from last year.

To satisfy this demand, soybean imports in 1980 are forecast to jump about 300,000 tons to 4.4-4.5 million tons, of which 4.15 million tons are expected to be of U.S. origin. Largely because the growth rate of soybean meal consumpion in feeds is seen slowing this year, soybean meal imports may dip in 1980 to between 150,000-250,000 tons.

Oilseed imports in 1979 are estimated at 6.56 million tons, including 4.13 million tons of soybeans (93 percent of U.S. origin) and 1.12 million tons of rapeseed (99 percent from Canada).

Imports of other oilseeds, such as copra, cottonseed, and castorbeans, have declined in recent years because of emphasis on greater utilization of raw materials for processing in producing regions. As a result, Japan has raised its direct imports of vegetable oils. These imports for 1979 are estimated at 255,000 tons, with the United States supplying all of Japan's 36,599 tons of cottonseed oil imports. During the past year, Japan's sunflowerseed oil imports (4,760 tons) from the United States began making headway and continued long-term growth is anticipated.

Japan is also a major importer of protein meals, taking 666,000 tons in 1979, including 282,932 tons of soybean meal (80 percent from the United States).

In the livestock sector, the 70,000-ton rise in pork production to 1.47 million tons in 1979 caused pork prices to begin falling drastically in September. Producers started domestic programs to limit hog numbers and sought voluntary action on imports to help alleviate the oversupply situation. As a result, pork import requirements in 1980 should almost equal the year-earlier levels.

Japanese pork imports last year rose to 132,000 tons from 103,327 tons in 1978 as U.S. pork exports to Japan rose from 24,111 tons to 32,112.

With beef output estimated at 400,000 tons in 1980, continued strong demand will likely raise Japan's beef import requirements this year above the 135,000-ton goal set through 1983. Japanese beef imports rose substantially from 106,000 tons in 1978 to 130,000 last year. Japan increased imports of U.S. beef to about 23,000 tons in 1979 from 12,745 tons a year earlier. In accordance with the U.S.-Japan agreement, imports of high-quality grainfed beef also rose in 1979.

The United States continues to be the dominant supplier of poultry products to Japan. The 1980 outlook calls for a 7,000-ton increase to about 80,000 tons in imported chicken meat (U.S. share, 55 percent) and a slight rise in egg products to 40,000 tons (U.S. share, 20 percent).

Although Japan's imports of raw cotton appear to be leveling off, the United States has maintained a one-third share or better for the past 3 years—a level reached only twice (1967 and 1974) in the preceding decade.

The outlook for the current season (Aug.-July) is for a modest 1.6 percent growth in Japanese imports to 3.4 million bales (480 lb net), including 1.4 million bales of U.S. cotton.

On the tobacco side, the rapid growth in Japanese cigarette consumption has practically ceased and a resurgence is not expected in the face of growing antismoking campaigns and an impending price increase of about 20 percent. Japan's imports of leaf tobacco in JFY 1979 are estimated at 63,500 tons, down sharply from the 81,400 tons a year earlier. Imports from the United States are estimated at 39,500 tons, a sharp decline from the 48,000 tons in JFY 1978.

Although Japan produces a large volume of produce it buys a long list of fruits, nuts, and vegetables from around the world. Overall, the United States is the largest single supplier and Japan is one of the leading overseas markets of the United States.

—Based on reports from Dudley G. Williams, U.S. Agricultural Counselor, Tokyo. □

Top 11 U.S. Agricultural Exports to Japan as Share Of Total U.S. Exports of These Commodities, CY 1979

Commodity	To Japan	To all destinations	Japan's share
	1,000 dol.	*1,000 dol.*	*Percent*
Corn	1,196,429	6,973,708	17.2
Soybeans	1,031,858	5,700,969	18.1
Wheat and wheat flour	537,292	5,491,410	9.8
Cotton, including linters	454,924	2,213,039	20.6
Hides and skins	319,653	983,181	32.5
Sorghum	248,650	668,683	37.2
Tobacco	228,656	1,184,170	19.3
Fresh citrus	160,375	355,674	45.1
Beef and veal	149,693	241,669	61.9
Sugar and tropical products	143,752	740,493	19.4
Pork	117,723	227,521	51.7
Total U.S. farm exports	5,255,294	34,745,385	15.1

Source: U.S. Census data (unadjusted).

U.S. Agricultural Exports to USSR Set at $2.9 Billion

Exports of U.S. agricultural products to the Soviet Union have exceeded $1 billion in each of the last 5 calendar years. They could be above $1 billion again in 1980, even with the export suspension announced by President Carter last January 4.

The United States excepted from suspension the corn and wheat remaining to be shipped within the 8 million metric tons provided in the U.S.-USSR Grains Agreement of 1975.

U.S. farm product sales to the USSR in 1979 were a record $2.9 billion, compared with $1.7 billion the preceding year. The Soviets increased purchases in late 1979 after a shortfall in USSR feedgrain supplies became evident.

Total U.S. grain shipments to the Soviet Union in calendar 1979 were 17.6 million tons, up from 12.9 million tons a year earlier. The 1979 shipments were nearly 60 percent higher in value than in 1978 because of rises both in volume and unit price.

U.S. exports of products other than grains also were up. Some 1.8 million tons of soybeans were exported to the USSR in calendar 1979, more than double the previous year's total. The Soviets also made their first sizable purchase of U.S. soybean meal—27,000 tons.

Total U.S. exports of soybeans and soy products were valued at $515 million. Other significant sales, with values in millions of dollars, included: Tallow, 57.6; hops and extracts, 7.6; and cattle hides, 3.2.

Behind the Soviet Union's larger imports of U.S. soybeans and grains were a number of factors involving the Communist Party's directive to boost food supplies—particularly of meat—and an oilseed crop that failed to meet planned production levels.

(To meet future targets, special emphasis is being given to boosting service and facilities in a number of agricultural sectors. Transport, storage, and farm product processing are to be emphasized. Other sectors that will receive emphasis are farm mechanization, agrichemicals, and land reclamation. Efforts also will be made to cut harvesttime losses of farm products by greater construction of onfarm storage units.

The Government also has indicated renewed interest in development of personal subsidiary plots to boost food production.)

Soviet grain imports in 1978/79 (October-September) from all sources totaled some 19.6 million tons, compared with 22.4 million tons in 1977/78, despite the USSR record grain crop of 237.2 million tons in 1978. In the third year of the U.S.-USSR Grains Agreement (Oct. 1, 1978-Sept. 30, 1979), the Soviet Union imported 15.3 million tons of U.S. wheat and corn, up from the 14.6 million tons of grain shipped in the second year of the Agreement.

Of the 15.3 million tons of grain imported from the United States, corn accounted for 11.4 million tons, and was intended primarily for the livestock sector.

Soviet grain imports from countries other than the United States in 1978/79 are estimated at about 4.4 million tons, down approximately 3.4 million tons from those of the year before.

Soviet foreign trade seldom, if ever, displays a sizable imbalance, as exports generally exceed imports by a small margin. The total Soviet trade volume has expanded dramatically since the end of World War II, tripling in the last decade alone. Between 1977 and 1978, the value of Soviet trade expanded 11 percent and between 1978 and 1979 by 14 percent.

Soviet imports of food and agricultural products have historically accounted for a large share of total imports—typically 20-25 percent in the 1970's. Agriculture's share of Soviet exports has fallen sharply in the past 15 years and now farming accounts for only 4-5 percent of the export total.

The value of Soviet agricultural imports in 1978 was $10.2 billion, while exports amounted to only $2.3 billion. Sugar was the import with the highest value, followed by grain.

Since 1972, the Soviet Union has been a large-volume importer of grain in response to the Soviet push to expand livestock production. Levels of imports, however, have varied considerably from year to year since 1976. The USSR also has been a regular importer of soybeans.

Cotton is the only agricultural commodity of high value exported from the Soviet Union and is a significant source of the country's hard currency earnings.

Most Soviet foreign trade is with countries with centrally planned economies—mostly members of CEMA (Council for Economic Mutual Assistance).

During 1978, nearly 56 percent of the Soviet Union's total foreign trade was with CEMA countries, 28 percent with developed countries, and 12 percent with developing countries. The German Democratic Republic was the Soviet Union's most important CEMA trading partner.

A large share of the Soviet trade with the United States in the past decade has been in agricultural products. The United States supplied 58 percent of the USSR imported grain, in 1977 and 61 percent in 1978.

Although Soviet soybean import statistics are not available, it is certain that the United States supplied most of the Soviet Union's imported soybeans in 1978. Also in that year, Soviet data show the United States supplied 6 percent of its imported rice, 16 percent of the lemons, 63 percent of the almonds, and 42 percent of the hides and skins.

Soviet agricultural exports to the United States are minor, consisting mainly of casein and furs.—*Based on a report by the U.S. Agricultural Counselor's Office, Moscow.* □

Dutch Farm Exports Are Strong Factor In Sluggish Economy

Mounting surpluses of dairy products and pork, a growing inflation rate, and sluggish domestic farm markets threaten to hold down overall growth of Dutch agriculture this year.

However, a plus factor could be the country's agricultural exports, which during January-September 1979 were a strong 8 percent higher than in the year-earlier period, accounting for a $3.3-billion surplus in total agricultural trade.

Total imports of agricultural commodities during the same period and the calendar year also rose significantly. U.S. exports of farm products to the Netherlands (unadjusted for transshipments) for calendar 1979 were $2.56 billion, up from $2.3 billion in 1978.

Overall, performance of the Dutch economy in 1979 was less than satisfactory.

Gross national product (GNP) growth rate was 2.5 percent, up from 2 percent in 1978 but short of the targeted 2.5-3 percent.

The balance of payments showed another deficit of $76 million.

The inflation rate increased to 4.6 percent in 1978.

Unemployment rose to 208,400 from 205,600 in 1978.

Economic forecasters project further inflation in 1980, largely as a result of advancing energy prices.

Adverse weather in 1979 resulted in generally lower yields per hectare of most grain crops. Hay and silage supplies were lower than 1978 levels. Tapioca imports during January-October were 30 percent lower than in the year-earlier period.

Imports of soybeans from the United States were up over 19 percent, while soymeal imports from the United States fell 29 percent from the year-earlier mark. Total soymeal imports, however, were down by only 1 percent. The volume of oilseeds, fats, and oils exported from the Netherlands was up 21 percent.

Although cattle numbers decreased 2 percent in 1979, the dairy herd expanded slightly during the year. Milk production was up 1.9 percent. The slaughter hog supply this year is expected to be 1.5 percent greater than in 1979. Meat consumption preference is shifting from beef to pork. Total export demand for dairy products in 1979 was better than anticipated.

Some significant cost increases are anticipated for cattle and dairy producers—especially in the feed and energy sectors. These increases, plus projected lower prices for pork and possibly eggs, could cause producer returns to drop by as much as 15-20 percent.

Sugarbeet production was lower in 1979 than in 1978, as were the apple, pear, grape, cherry, and strawberry crops.

The situation and outlook for major commodity groups follows:

Grain and feed. Despite an 8 percent larger supply of corn silage, total hay and silage supplies were about 15 percent lower than the 1978 supply. As a result, heavier concentrate feeding of cattle has been reported since June, and probably will continue through May 1980.

A significant cut in tapioca supplies from Thailand resulted in an upswing in Dutch demand for feedgrains in 1979, and also benefitted suppliers of corn gluten feed, citrus pulp, and other nongrain feed ingredients.

As a result of reduced supplies and high demand, tapioca prices advanced significantly, causing this ingredient to be either eliminated or substantially reduced in poultry and swine rations. The replacement ingredients were mainly feedgrains—especially barley and corn—and feed wheat.

Dutch feedgrain imports in 1979/80 are expected to be slightly higher than in 1978/79. However, imports from countries outside the European Community (EC)—especially the United States—are expected to drop by 5-10 percent because of ample supplies of feedgrains and feed wheat in the EC.

Oilseeds. Because of lower production of oilseed crops, imports of oilseeds, fats, and oils in the first half of 1979 were more than 9 percent above the year-earlier total. However, the U.S. share of Dutch oilseed imports dropped slightly from 35.1 percent in 1978 to 34.2 percent in 1979.

Imports of soybeans from the United States in January-November 1979 were 2,362,019 tons, up 19 percent from the 1978 level. Total soybean imports in that period were 2,971,600 tons, up 29 percent from the year-earlier total. Imports from Brazil were up 45 percent, and from Argentina 110 percent.

Imports of soymeal during January-November from the United States were down 29 percent from the year-earlier level to 194,642 tons, while imports from Brazil were up 22 percent to 470,346 tons. Total imports were down 1 percent.

Dairy, livestock, and poultry. Cattle slaughter in 1979 was down 3.3 percent to 1.9 million head.

Total milk production for 1979 was up from the 1978 level to about 11.6 million tons.

Total hog slaughter in 1980 is expected to be 2-3 percent higher than in 1979.

Poultry meat production in 1979 was 1.7 percent greater than in 1978, although output of turkey meat slipped from 13,300 tons in 1978 to 13,000 tons in 1979. Total production of poultry in 1980 is projected to be lower than in 1979.

Exports of dairy products in 1979 were valued at about $2.25 billion, up from $1.95 billion in 1978. The increase was mainly a result of a 20 percent increase in volume, as value (average price) dropped 10-15 percent compared with 1978 levels.

The dairy sector is under close scrutiny by the EC Commission

because of surplus production. Preliminary plans developed by the Commission indicate the possibility of an increase in co-responsibility levies, which—if put into effect—could cause a drop in farmer income of 10-20 percent. Also, the Commission is likely to be more cautious in the future in granting export subsidies for dairy products.

Fruits and vegetables. The 1979/80 apple crop was an estimated 6 percent smaller than in 1978/79, while commercial pear production was down 5 percent. Low foreign demand resulted in lower prices

Production of grapes, cherries, and strawberries was lower in 1979 than in 1978, mainly because of foreign competition, reliance on imports, high labor costs, and competition from other commodities.

Vegetable production under glass was up because of an increase in area from 4,574 hectares in 1978 to more than 4,616 hectares in 1979.

Tobacco. Cigarette consumption in 1979 was moderately higher because smokers bought heavily prior to the tax increase that went into effect January 1, 1980. Statistical consumption is likely to decrease in 1980 because of the large stocks at the consumer level.

Tobacco imports in January-September 1979 were 14 percent higher than in the year-earlier period, while imports of U.S. tobacco decreased 28 percent.

Cotton. Consumption of raw cotton in 1979/80 is projected at 25,000 tons (115,000 bales), down from 28,000 tons (125,000 bales) in 1978/79. Imports in 1978/79 were about 26,000 tons (120,000 bales), and imports will probably drop further over the next several years and stabilize at about 20,000 tons (92,000 bales).—*Based on reports from James A. Hutchins, Jr., former U.S. Agricultural Counselor, The Hague.*□

Canada Holds Steady As Fourth Largest U.S. Farm Market

Canada last year held its position as the fourth largest market for U.S. farm products, although U.S. sales there gained only slightly from the 1978 level. More striking was the double-digit increase in agricultural exports from this major U.S. competitor in world grain and oilseed markets.

Canadian farmers also had a generally good year, as measured by the 16 percent gain in total cash receipts, but will probably see income growth slow to 8 percent in 1980 as the rising cost of energy and other inputs takes its toll and supply-demand factors affect incomes.

U.S. agricultural exports to Canada last year reached $1.65 billion, for a 1 percent increase from the previous year's exports of $1.63 billion (unadjusted for transshipments of products through Canada to Europe, the Far East, and other outlets). Results for some of the major U.S. export categories (in thousands of dollars) included:

	1978	1979
Grains and grain products	96,576	125,848
Soybeans	96,467	78,546
Other oilseeds	51,427	51,260
Soybean cake and meal	84,350	97,794
Cotton, raw silk	67,226	82,897
Fresh citrus	82,711	79,044
Other fresh fruit	123,232	127,036
Fruit juices	80,513	85,512
Vegetables and preparations	242,153	237,993
Pork	82,150	44,487
Hides and skins	30,704	41,091
Furskins	52,907	89,404
Sugar and tropical products	134,538	128,298

Total agricultural imports by Canada in the first 10 months of 1979 rose 12.2 percent from the 1978 level to Can$3.5 billion.[1] Farm exports during that same period jumped 19.1 percent above shipments during the year-earlier period to Can$5.1 billion.

Last year also saw considerable headway toward overcoming the transportation crunch that has plagued Canadian grain trade for the last few years. The country needs to make further progress, however, if it is to approach the 50 percent increase planned for grain and oilseed exports by 1985/86. Efforts being made in this area include procuring 9,000-13,000 new hopper cars, promoting better use and further improvement of the rail system, and consideration of revisions in the rate structure for rail transport.

Production of **grains and oilseeds** last year fell 9 percent from the 1978 level to 41.8 million metric tons. All of the decline was in Western Canada, hit first by a late, wet spring that delayed seeding and then by unusually dry weather in July. Total production of wheat, barley, oats, rye, corn, and mixed grains fell 11.6 percent from the 1978 level to 36.5 million tons, while output of oilseeds slipped 11 percent to 5.34 million.

The country still, however, is holding to its goal of boosting grain and oilseed exports by 50 percent to 30 million tons from the current level of 20 million. However, this will require considerable growth in domestic output.

Canada also will continue to require large imports of U.S. soybeans. The country is only two-thirds self-sufficient in soybeans, and a new crushing plant in Ontario will require 325,000 tons of beans annually to operate near capacity.

Milk production rose slightly in 1979 and is expected to increase another 3 percent in 1980, with most of the larger outturn going into evaporated whole milk and cheese for export.

Butter production, which has been declining since 1979, is expected to stabilize in 1980 owing to stronger demand and low stocks, while nonfat dry milk output continues its recent decline.

[1] Value of the Canadian dollar averaged the equivalent of US$0.85 last year compared with US$0.88 in 1978.

Poultry meat production gained sharply last year in response to increased demand from consumers seeking alternatives to high-priced red meats. Chicken meat production soared 11 percent above the 1979 level to an estimated 395,000 tons with a consequent softening of prices in late 1979. Turkey meat production followed a similar trend, jumping nearly 14 percent above the 1978 level to an estimated 106,000 tons, which pushed stocks up sharply and depressed domestic prices.

As a result of this overexpansion, poultry meat output in 1980 is expected to gain only fractionally from the 1979 level.

Both the chicken and turkey sectors are now under the control of marketing boards that regulate supply through production and import quotas. The new Canadian Chicken Marketing Agency (CCMA), which began operations June 1979, has tentatively set production quotas for 1980 at 5 percent above the 1979 level. The Canadian Turkey Marketing Agency (CTMA) has tentatively set its production quota at 97,500 tons, 8,500 tons below the estimated 1979 production, as a result of the burdensome stock levels and weak prices.

Canadian egg production continued to hold relatively steady through 1979 at about 460 million dozen, but is seen gaining some in 1980 as a result of an increase in the laying flock and strong domestic demand.

Pursuant to GATT Article XI, which permits import controls when supply management programs are in place, Canada had import quota systems during all of 1979 for turkeys and eggs and from October 23 to December 31, 1979, for chickens.

Canadian import quotas on chicken were agreed to following consultations with the U.S. Government on September 19, 1979, in Washington, D.C., and October 1 in Ottawa. The quota for 1980 is set at 22,000 tons, (eviscerated weight), compared with 25,000 estimated for 1979, and that for 1981, at 23,587 tons. In subsequent years, the quota will be at a level equal to 6.3 percent of the previous year's production as reported by Statistics Canada. Traditionally, all such imports have come from the United States.

Turkey imports last year initially were limited under quota to 2,087 tons but ultimately reached about 3,400 tons as a result of supplemental quotas granted by the Department of Industry, Trade, and Commerce.

Shell egg imports followed a similar trend. Initially, they were limited to 3.1 million dozen under quota, but supplemental quotas boosted the 1979 total to around 11 million dozen. The United States supplied around 95 percent of these imports, with other sources including the United Kingdon, Israel, and Hong Kong.

The Canadian cattle industry in 1979 witnessed an end to the downward inventory adjustment of the previous few years and a sharp year-to-year decline in the rate of heifer and cow slaughter. As a result, holdback of heifers and cows is expected to allow for a gradual but modest inventory increase throughout 1980.

Beef and veal output in 1979 is estimated at about 955,000 tons, 10 percent below the 1978 level. The rate of female retention will have a large effect on beef output and slaughter cattle market prices. Most industry analysts see prices advancing by as much as 10 percent during 1980, while beef output could decline 4-5 percent to around 910,000 tons.

Last year, Canada set a global import quota on fresh, frozen, or chilled beef and veal of 70,307 tons. However, preliminary data on imports show that Australia filled no more than 88.5 percent of its 28,576-ton allocation; New Zealand, about 84 percent of 29,257 tons; and the United States, less than 45 percent of its 11,793-ton quota.

In early January 1980, Agricultural Minister John Wise announced a 1980 global import quota of 77,882 tons for fresh and frozen beef and veal. This level was based on a formula providing for an import pattern counter cyclical to domestic beef supplies. Once again, it looks as if the quota will be unfilled.

Canadian exports of fresh, frozen, or chilled beef and veal to the United States totaled 35,154 tons last year and are expected to reach at least that level—and probably exceed it—in 1980.

Strong consumer demand for **pork** as an alternative to beef contributed to a 20-percent gain in pork output last year to an estimated 745,000 tons. However, price declines since late 1979 are expected to influence production decisions this year with the result that the rate of production growth could slip to 5 percent. This would put Canadian pork output this year in the neighborhood of 785,000 tons.

Canada does not have the excess stock problems here that are so evident in the poultry industry, in part because strong export demand has taken up some of the slack. The country last year was a net exporter of pork for the second consecutive year, with the United States surpassing Japan as the major outlet.

The factors that led to increased pork production and pork exports in 1979 also contributed to sharply lower pork imports, which come primarily from the United States. These imports are estimated at 35,000 tons for 1979 and are forecast to hold at that level in 1980.

Blue mold disease was the focal point of concern for Canada's **tobacco** industry last year. Production in Ontario—producer of more than 90 percent of Canada's flue-cured crop—was reduced to an estimated 160 million pounds by the disease, compared with an early season target of

U.S. Farm Sales to Germany Dip in Response to Good German Crops, Static Demand

230 million. As a result, exports in 1979 probably totaled only around 75-80 million pounds, compared with 100 million projected earlier in the season.

Tobacco imports are estimated at 7,104 tons, with 2,472 coming from the United States.

Among the important **fruit** crops, apple production last year reached 430,232 tons—short of the near-record level of 1978, but well above the recent 5-year average. Crops of pears, cherries, and plums and prunes equaled or exceeded their 1978 levels, while output of peaches fell sharply in response to severe winterkill in Ontario and British Columbia.

In the trade area, the United States continued to account for more than 80 percent of Canada's total apple imports, supplying an estimated 49,082 tons during the 1978/79 marketing season. Canadian apple exports to the United States, on the other hand, declined in 1978/79, reflecting in part reduced export prospects in the Western United States, where apple production has been rising.

Crops of major **vegetables** (except potatoes) in Canada are believed to have gained from the 1978 levels (official estimates were not available as of press time). These include tomatoes, corn, carrots, cabbage, onions, rutabagas, cucumbers, and beans. Vegetable imports—supplied largely by the United States—are estimated to be down for the second consecutive year in response to the increased domestic output and lower purchasing power of the Canadian dollar. Some improvement in U.S. trade is seen for 1980.

Potato production in 1979 is estimated at a record 2.7 million tons, with an accompanying drop in prices and increase in stocks. Consequently, production in 1980 is expected to decline.—*Based on a dispatch from Clarence V. Jean, former U.S. Agricultural Counselor, Ottawa.* □

Two consecutive years of bountiful German harvests led to reduced 1979 exports of U.S. agricultural products to this fifth largest U.S. farm market. But the U.S. export decline was a slight 1 percent from the calendar 1978 level, to $1.49 billion,[1] as larger sales of cotton, hides and skins, and other products made up in large part for declines in U.S. grains and soybeans.

Barring a major setback in German crops this year, U.S. exports in 1980 will continue to be affected by the ample supplies and generally sluggish demand currently existing in West Germany. Trade also will be influenced by changing agricultural policies of the European Community (EC), including recent EC efforts to keep producer price increases to a minimum.

As of press time, EC price decisions for 1980/81 had not been made. However, indications are that price increases for German agriculture will be kept to an absolute minimum, averaging in the neighborhood of 2-3 percent above the 1979/80 level.

U.S. agricultural exports to West Germany last year continued the slight decline that began in 1978. Exports that year slipped 7 percent, in part because of a record-breaking performance by German agriculture. Last year was a similar story, as U.S. grains bore the brunt of reduced German import demand stemming from the country's second straight bumper harvest of grain.

Total U.S. grain sales to West Germany dropped nearly 28 percent below their 1978 value to $298 million, with U.S. corn and wheat especially hard hit by the decline.

Soybean shipments—the largest single export category—and soybean meal also dropped off: soybean exports fell 9 percent in value to $346 million and 19 percent in volume to 1.26 million metric tons.

Among other U.S. export gainers:

- Nuts and preparations, rising 38 percent from the 1978 level to $120 million;
- Cotton, up 42 percent in value to $39.7 million as the United States boosted its market share;
- Furskins, up 53 percent to $72 million; and
- Hides and skins, soaring 75 percent in value to $18.4 million, despite a volume decline, in response to rising world prices.

Grain production in West Germany last year amounted to 22.7 million tons, which was exceeded only by the 23.9 million tons harvested in 1978. The crop was grown on some 5.2 million hectares, or about 40 percent of Germany's total arable farmland, but ranked only fourth in net returns behind milk, swine, and cattle.

Favorable growing conditions during most of the spring and summer led to unusually high yields for most spring crops, including a record average corn yield of nearly 6 tons per hectare.

These ample grain supplies suppressed import demand and cut sharply into takings from the United States. Imports of U.S. wheat also were affected by the improved quality of European varieties; this served to continue the long-term decline in the blending rate of U.S. wheat with German wheat—from about 19 percent in 1970/71 to an expected 5 percent in 1979/80.

Corn imports were reduced owing to the high availability of domestic feedgrains and other feedstuffs, and lower prices for soybeans and tapioca.

Since the domestic supply and demand situation appears unlikely to change, imports are expected to remain small in 1980. Moreover, stagnation in the livestock industry may serve to depress imports of corn. German **oilseed** production is limited

[1] U.S. export data are not adjusted for transshipments and therefore do not usually agree with German import figures, also quoted in this article.

to rapeseed, grown largely in northern Germany for crop rotation purposes. Area planted to rapeseed rose about 28 percent between 1976 and 1979, but the crop still accounts for less than 2 percent of Germany's requirements of vegetable fats and oils.

To fill the consumption gap, the country must import large quantities of oilseeds, primarily soybeans from the United States. However, imports of U.S. beans are estimated to have declined slightly in 1979 from the 1978 level of 2.78 million tons, while total soybean imports held steady at around 3.6 million tons.

Imports of sunflowerseed for oil, on the other hand, slipped last year to 616,900 tons, compared with 632,382 in 1978. About 496,400 tons of the 1979 total came from the United States, compared with 500,512 in 1978. U.S. share of the market remained stable at about 80 percent.

Milk output last year rose 2.4 percent from the previous year's level to 23.8 million metric tons as a result of favorable grazing conditions and ample feed supplies.

Ready availability of oil cakes and meals at favorable prices contributed to the excellent results, as did a very profitable producer price level.

Another production gain to 24 million tons is forecast for 1980.

Ironically, this is an area in which Germany and other EC countries have been attempting to discourage commercial sale of milk and shift producers from dairy to beef.

Instead, the gain in milk output contributed to further growth in production of dairy products and the chronic surplus problems created by their overabundance. Output of cheese rose to an estimated 730,000 tons from 713,000 in 1978 and is seen gaining further to 740,000 tons in 1980; that of butter rose to 570,000 tons from 564,000 in 1978 and is expected to hold steady in 1980; and that of nonfat dry milk climbed to 560,000 tons from 553,000 with a jump to 580,000 forecast.

Germany's 1979 **meat** production (including horse meat, offals, and poultry meat) rose by slightly more than 4 percent from the 1978 level with gains in all major categories. The 1979 increase exceeded the 1.5 percent gain estimated for domestic meat consumption and contributed to a 2 percent decline in meat imports.

Production of beef and veal rose about 6 percent above the 1978 level to 1.4 million tons, reflecting increased slaughterings and higher overall slaughter weights. Pork production, by far the largest single item in German meat production and consumption, rose almost 3 percent to 2.6 million tons, while poultry meat output gained 5.2 percent to 366,000 tons.

Beef and veal production in 1980 is expected to stagnate, while pork and poultry meat output gain moderately. Another prospective development is a limited shift of consumer demand away from comparatively expensive beef and veal to somewhat cheaper pork and poultry meat.

In the horticultural sector, commercial production of **fruits and vegetables** (not including potatoes) changed marginally from the 1978 level, reaching about 3.3 million and 1.2 million tons, respectively. This is one of the few areas in which self-sufficiency remains low. In 1977/78, domestic production supplied 42 percent of all fruit consumed; and vegetable output 36 percent.

Germany's small domestic **tobacco** crop rose 6 percent above the 1978 level to an estimated 8,000 tons (farm weight), despite greater outbreaks of blue mold disease than in the recent

German Agriculture Trade in Commodities of Particular U.S. Interest

[In million metric tons]

Commodity	1978 Import	1978 Export	1979[1] Import	1979[1] Export
Soft wheat	1,185,410	502,373	944,150	519,500
From U.S.	306,349	—	149,500	—
Durum	103,847	5,270	184,300	—
From U.S.	71,683	—	87,500	—
Corn	2,952,821	201,118	2,580,900	173,000
From U.S.	2,272,625	—	1,853,600	—
Barley	1,464,664	345,415	1,107,350	247,100
From U.S.	18,448	—	—	—
Rye	119,411	123,451	55,850	254,750
From U.S.	—	—	—	—
Oats	293,574	15,465	115,550	13,350
From U.S.	70,553	—	1,300	—
Sorghum	41,077	673	39,250	600
From U.S.	8,494	—	4,200	—
Rice	168,671	69,351	142,300	37,300
From U.S.	72,515	—	39,000	—
Pulses	77,163	8,156	35,250	6,400
From U.S.	6,515	—	10,200	—
Soybeans	3,612,900	17,502	3,672,800	2,700
From U.S.	2,780,970	—	2,744,500	—
Soybean meal	1,693,081	656,470	1,812,500	740,000
From U.S.	705,630	—	727,700	—
Peanuts[2]	50,159	2,425	56,000	2,100
From U.S.	19,138	—	18,000	—
Sunflowerseed	632,382	—	616,900	1,500
From U.S.	500,512	—	496,400	—

[1] Estimate. [2] Shelled peanuts only. — Denotes not applicable.
Source: Federal Office of Statistics and U.S. Agricultural Counselor office estimates.

past. Little expansion is seen for the future, however, since farmers are shifting out of this labor intensive crop. Output now supplies only about 4 percent of total West German needs.

German trade statistics show declines in both total imports of tobacco and takings from the United States. Total imports in 1979 fell by 9 percent from the 1978 level to an estimated 176,000 tons. Those from the United States also declined by about 9 percent, to 37,500 tons, which represented around 21 percent of all tobacco imports, compared with 23 percent in 1978.

This downward trend in U.S. market share may receive an added impetus in the future as a result of the predominately ad valorem tax recently proposed by the EC Commission. The volume of U.S. sales, on the other hand, could still increase in line with steady growth in German tobacco consumption.

Cotton is not grown in West Germany but ranks as a major agricultural import. Domestic consumption of cotton in 1979/80 is expected to hold at about the 1978/79 level of 765,000 bales (480 lb) assuming no major change in Germany's textile industry—the world's largest producer and exporter of textiles.

German imports of raw cotton in 1978/79 declined to about 815,000 bales from 967,000 in the previous year and are expected to be about 800,000 bales in 1979/80. A notable development was the United States rise to second place in the market last year with a share of 11.2 percent or 92,000 bales, compared with 7 percent or 69,000 bales in 1977/78. It thus surpassed Turkey and Colombia as a supplier and was exceeded only by the USSR's market share of 18.6 percent. A further gain in U.S. share to 12 percent, or 96,000 bales, is forecast for 1979/80—*Based on dispatch from Christopher E. Goldthwait, Assistant U.S. Agricultural Attaché, Bonn.* □

Korea Seen Expanding Imports of U.S. Farm Commodities in 1980

Korea's imports of agricultural commodities from the United States—leading foreign supplier of farm products to that country—last year reached $1.4 billion, up from $1.1 billion in 1978. In 1979, U.S. exporters supplied 95 percent of Korea's cotton needs; 100 percent of its imported wheat; almost all of its feedgrains and soybeans; significant quantities of tallow, hides and skins; and most of its imported dairy breeding stock.

The new U.S. Agricultural Trade Office in Seoul (opened in January) is expected to play an important part in servicing the large and growing Korean market, and in coordinating the activities of U.S. nonprofit agricultural trade associations in carrying out market development activities with FAS in Korea.

In 1980 Korea is expected to increase its imports of soybeans, cotton, and tobacco. Imports of feedgrains may be down and dairy and beef cattle imports should be reduced sharply.

The outlook for trade, by major commodity groups, follows:

Grain and feed. The Government in 1979 imported nearly 400,000 metric tons (milled) of medium- and short-grain rice from the United States and Japan because of the short crop in 1978. Imports in 1980 are projected at 700,000 tons (milled) or more.

Total wheat imports in 1978/79 (July-June) were 1.6 million tons, 11 percent lower than in 1977/78. Imports during 1980 are expected to be about 1.8 million tons, mainly to meet increased milling and brewing demand.

Total feedgrain imports in 1978/79 (Nov.-Oct.) of 2.9 million tons of corn and 100,000 tons of sorghum were nearly 40 percent greater than the year-earlier level because of the substantial expansion of livestock numbers. However, the recession dampened consumer demand for meat at the same time producer costs advanced. As a result, producer returns fell substantially. The Government projects its imports of feedgrains in 1980 at only 2.4 million tons.

Korea has only two modern port elevators with a total grain unloading capacity of 280,000 tons. Construction of an additional port elevator is planned.

Dairy, livestock, and poultry. Under the Government's livestock development program, animal numbers have increased dramatically. Swine numbers at the end of 1979 were 65 percent greater than on the year-earlier date, producing an oversupply of pork during 1979. The Government is urging reduction of hog numbers to 2.3 million by the end of 1980.

Owing to increases in cattle prices in exporting countries, Korea during 1979 imported only 16,200 head of dairy stock against the earlier import target of 20,000 head. About 80 percent of the import stock came from the United States.

Beef breeding stock imports in 1979 were 6,900 head, compared with the import target of 10,000 head. The major share came from Oceania.

The Government has set its 1980 cattle import target at 7,000 dairy animals and 3,000 beef stock. The original import targets had been 20,000 dairy stock and 10,000 beef stock. Plans for imports through 1986 under the long-range livestock development program may be revised, depending upon developments in the livestock sector and availability of foreign exchange.

Breeding swine imports in 1979 were about 1,500 head, of which nearly 90 percent came from the United States. Import requirements for 1980 are estimated at about 2,000 head.

Beef imports during 1979 were 52,650 tons, compared with 55,400 tons in 1978. All the beef—except for 350 tons of high-quality beef from the United States for tourist hotels and restaurants—came from Oceania.

Pork imports during 1979—ebout 60 percent from the United States—were 10,000 tons, compared with 8,600 tons

in 1978. This level of imports, added to domestic overproduction, contributed to sharp declines in Korean hog prices. In the latter part of 1979, the Government exported 460 tons of pork to help stabilize prices.

Owing to substantial stocks of pork (9,000 tons) and imported beef (14,500 tons) at the end of 1979, the Government decided not to import meat during 1980. Instead, consumers are urged to buy pork and chicken meat.

Beef tallow imports in 1979 at 177,800 tons were 8 percent greater than in 1978. The U.S. share was about 55 percent, up slightly from the year-earlier level. To discourage the use of animal fats for food manufacture, the Government set—effective January 17, 1980—a 5 percent tariff on tallow imported under the 80,000-ton quota of tallow for soap and a 20 percent rate on tallow for other purposes, including food use.

Imports of hides and skins in 1979 fell to about 100,000 tons, 49 percent below the 1978 level. The U.S. share was about 80 percent, compared with 75 percent in 1978. As a result of the drop—caused by higher prices in producer countries and decreased export demand for Korean leather goods—tanners operated at 60 percent of capacity in 1979.

Oilseeds and products. Soybean production in 1979—257,000 tons—was 14 percent lower than in 1978, as poor returns to producers caused less area to be planted.

Soybean imports in 1979 jumped 77 percent from the 1978 level to 422,000 tons, including 343,000 tons for crushing, 48,000 tons for food use, and 31,000 tons for price-control purposes. Virtually all of the beans were from the United States.

The Government places its 1980 import requirements at 576,000 tons, including 472,000 tons for crushing, 74,000 tons for food use, and 30,000 tons for price-control purposes.

To supplement short domestic supplies, Korea in 1979 imported 146,000 tons of soybean meal (93,800 tons from the United States; 52,200 tons from Brazil), 24,300 tons of rapeseed meal (20,450 tons from Pakistan; 3,850 tons from Canada), and 17,200 tons of fish meal (14,200 tons from Peru; 3,000 tons from Chile).

The 1980 import target for vegetable protein meals calls for only 45,000 tons of soybean meal, as crushers plan to import more soybeans because of the planned addition of 300 tons to total crushing capacity..

Peanut imports in 1979 were 7,000 tons, compared with 4,800 tons in 1979. The U.S. share in 1979 was 4,000 tons. Australia and Hong Kong supplied the rest.

Fruits and vegetables. Most of Korea's vegetable production is consumed domestically. Owing to increased demand and some crop failures, Korea in 1978 imported 39,000 tons of red pepper from China, India, Pakistan, and Mexico; 23,000 tons of onions from the Netherlands and Spain; and 16,000 tons of garlic from China, Spain, the Netherlands and the United States.

Production of these vegetables in 1979 was two to three times 1978 levels. Korea exported 15,000 tons of onions to Japan and Hong Kong, and 5,000 tons of garlic to south Asian countries to prevent a drop in domestic prices.

Exports of canned mushrooms in 1979 were 1,941,000 cartons (24/16 oz), a 13 percent drop from the 1978 level because of European Community (EC) restrictions and slack world demand. Exports during 1980 are projected at 2.3 million cartons, in part because the EC is again permitting imports (under quota) from Korea.

Cotton. Korea imports its total cotton requirements for mill use, which depend largely on the level of textile export demand, as about 70 percent of imported cotton is used in the manufacture of export products. The textile industry hopes to reach $10 billion in exports by 1986.

Imports of raw cotton in 1979—about 95 percent of U.S. origin—were about 1.3 million bales (280,000 tons), down slightly from the 1978 level.

Because of the continuing expansion of textile facilities, mills plan to boost their imports in 1980 to 1.5 million bales (325,000 tons), including 1,150,000 bales (250,000 tons) for export use and 350,000 bales (76,000 tons) for domestic consumption. This increase anticipates that the recent currency devaluation will result in higher exports of Korean products and that cotton can favorably compete with manmade fibers. However, actual imports of raw cotton are likely to be closer to 1,380,000 bales (300,000 tons), unless the textile trade improves in the immediate future.

Exports of cotton products during 1979 climbed 13 percent from the 1978 level to $1.083 billion. However, stocks of cotton products at mills rose substantially because of weakness in export demand. The export target for 1980 is $1.2 billion, up 9 percent from the 1979 level.

Tobacco. Leaf production in 1979 was 123,205 tons, down 8 percent from the 1978 level—a result of unfavorable weather conditions during the growing and harvest seasons.

Leaf imports in 1979 totalled 12,754 tons, including 5,331 tons of U.S. flue-cured, 2,000 tons of U.S. burley, 1,700 tons of Greek Bazma, 250 tons of Yogos Prilep, 3,450 tons of Turkish Izmir, and 23 tons of cigar leaf from the United States and other countries. The leaf import plan for 1980 calls for a total of about 10,000 tons.

Imports of tobacco products in 1979 were 8.2 million packs of cigarettes from the United States and 2.7 million from the United Kingdom. Imports in 1980 are projected at about 12 million packs from the two countries.—*Based on reports from Gerald W. Shelden, U.S. Agricultural Attaché, Seoul.* □

Taiwan Becomes No. 7 Market As U.S. Farm Exports There Rise 30 Percent

United States agricultural exports to Taiwan last year soared 30 percent above the 1978 level to a record $1.07 billion, putting the island in seventh place among overseas markets for U.S. farm products.

Growth in this trade continues to be sustained by Taiwan's strong economy and resulting boom in demand for imported food and agricultural products, particularly grain and soybeans needed by domestic livestock producers. A 9.1 percent gain in livestock production last year, alongside slow growth in feed production, has at least temporarily boosted this import dependence.

All told, U.S. agriculture supplied nearly 70 percent of the $1.49 billion in agricultural imports by Taiwan during 1979, and accounted for almost a third of total U.S. exports to Taiwan. Two-way trade between Taiwan and the United States reached $9.03 billion last year.

The top five U.S. farm exports to Taiwan last year included:

- Soybeans, whose value rose 21 percent above the 1978 level to $309 million as volume inched ahead 3 percent to 1.1 million metric tons;
- Corn, up 40 percent in value to $275 million and 20 percent in volume to 2.2 million tons;
- Cotton, down 4 percent in value to $136 million and 10 percent in volume to 107,440 tons;
- Wheat and wheat flour, up 49 percent in value to $115.8 million and 30 percent in volume to 773,209 tons; and
- Tobacco, up 68 percent in value to $92.5 million and 61 percent in volume to 18,814 tons (493,460 bales, 480 lb).

On the economic front, 1979 was a good, if not spectacular, year for Taiwan. Growth in the gross domestic product (GDP) eased to 7.3 percent, real terms, from a 13.9 percent rate in 1978 and is seen holding at or slightly below the 1979 pace this year. Current growth is seen as satisfactory, however, in view of rising energy costs, slower economic expansion in some major markets, and reduced competitiveness in Japan where the Taiwan dollar has appreciated against the yen.

Exports, the chief economic indicator, totaled US$16.11 billion in 1979, 27 percent above those in 1978; imports, however, rose even more rapidly, by 34 percent to US$14.8 billion.

The country also is moving into a new 10-year plan period that focuses on high technology and efficiency.

One of the plan's goals is to improve productivity and farm income, which has lagged behind that of industry. Per capita farm incomes in 1978, for instance, stood at 66 percent of the nonfarm sector's or 1 percent less than in 1960.

As industrialization has increased, agriculture's share of the GDP has diminished, totaling only 8.8 percent in 1979. Yet 32 percent of the population is still engaged in agriculture, albeit increasingly on a part-time basis. Agricultural leaders hope to reverse these negative trends through a so-called second phase land reform program that focuses on farm enlargement, land-use planning, and mechanization, as well as on a further decline in the farm population.

Some $8 billion has been budgeted for the program, which aims at boosting farmer income to 70 percent of nonfarm incomes by 1989, while maintaining food self-sufficiency at 84 percent (against 88 percent in 1979).

In conjunction with these goals, some further trade liberalization is planned. One important move in this area last year was the elimination of the annual quota on apple imports and the beginning of direct purchases from foreign exporters rather than through the importer monopoly system that formerly prevailed. This led to a sharp increase in U.S. apple exports to Taiwan, which in turn boosted U.S. exports of fresh fruit other than citrus to $33.6 million from only $1.8 million in 1978.

Domestic agricultural production, meanwhile, continues to center around rice, livestock, and export crops such as sugar, mushrooms, asparagus, pineapple, bananas, and citrus.

Last year, total agricultural production rose 2.5 percent above the 1978 level, with the livestock sector's 9.1 percent growth leading the advance. Crop output, in contrast, rose only 1.2 percent.

Rice production, at 2.44 million tons, was 100,000 tons above target. Rice exports rose to 409,000 tons—with 382,000 of those exports going to Indonesia alone—and Government holdings climbed to 870,000 tons as of December 1979. High price supports and farmer planting traditions indicate that Taiwan will meet its 1980 production goal of 2.3 million tons, which would allow exports of about 200,000 tons.

The only other important domestic grain, **corn** output totaled an estimated 120,000 tons in 1979. Corn imports this year are expected to hold at the 1979 level of 2.6 million tons, but the U.S. share could decline somewhat from the 84 percent (2.2 million tons) held in 1979. The final U.S. trade results will depend on shipping arrangements for 600,000 tons purchased from South Africa under a 3-year agreement and on whether additional corn is purchased from Thailand.

Wheat, sorghum, and **barley** production is inconsequential, with demand met by imports of 679,000, 481,000, and 594,000 tons, respectively, in 1979. The United States dominates the wheat market but has only minor shares of the barley and sorghum imports owing to cost factors.

Taiwan **soybean** production totaled only 32,000 tons in 1979, compared with a target of 71,000 tons. As in the case of corn, support prices are insufficient to promote soybean output on the small, labor-intensive farms that

dominate Taiwan agriculture. In 1979, the United States supplied all but 54,000 tons of Taiwan's soybean imports of 1.1 million tons. Imports in 1980 are expected to be at about the 1979 level.

Sugar production is estimated at 891,000 tons for 1978/79 and expected to hold that level this season. Exports in calendar 1979 totaled 387,000 tons, 3 percent above the 1978 level, with Japan and South Korea the major buyers.

Production of most major **fruits** increased last year. Banana output rose 10.7 percent above the 1978 level to 202,000 tons; pineapples, 15.1 percent to 287,000 tons; and citrus, by a slight 3,000 tons to 377,000. Citrus is seen rising to 430,000 tons in 1980, but banana and pineapple output may ease as a result of increased export competition in Japan.

Vegetable production reportedly reached 2.97 million tons in 1979. Mushroom output fell about 12 percent to 101,000 tons, while asparagus output gained 1 percent to 101,500. Mushroom exports last year fell by 7,000 tons to 68,000 tons valued at US$91 million as a result of rising competition and trade restrictions, particularly in the European Community. Asparagus and mushrooms nonetheless remained Taiwan's largest agricultural exports in terms of value.

Livestock production again was led by the important pork industry, which scored a 16 percent gain over the 1978 level to 673,586 tons. Production of chicken meat increased 3.4 percent from 1978's, and egg output gained 11 percent to 1.93 billion pieces.

Largely as a result of the pork boom, livestock now accounts for 40 percent of Taiwan's agricultural production, compared with only 18 percent in 1953. This growth has been largely at the expense of rice, down to 25 percent of farm output from 50 percent in 1953.—*Based on a report from Edwin A. Bauer, Agricultural Officer, American Institute in Taiwan.* □

U.S. Agricultural Exports To United Kingdom Top $1-Billion Mark Second Time

Agricultural exports from the United States to the United Kingdom were over the $1-billion mark for the second successive calendar year, rising from $1.051 billion in 1978 to $1.056 billion in 1979.

It is likely that U.K. takings of U.S. agricultural products will show little growth in 1980, and the longer-term outlook is for imports of agricultural products to be influenced by developments within U.K. agriculture, particularly in the oilseed and grain sectors.

Overseas Trade Statistics of the United Kingdom gives imports of agricultural products from the United States at some $1.677 billion in 1979, while U.K. exports to this country totaled about $206 million (figures converted from pounds at an average exchange rate of £1=$2.1228). U.K. import data include transshipments.

U.S. trade in agricultural products with the United Kingdom is expected to remain high in 1980, although prospects for an upturn in U.K. agricultural imports are not promising. A gain is unlikely if U.K. weather is normal, crops reach forseen levels in 1980, and inflation stifles demand for food, tobacco, and textiles. The U.S. share of British farm imports sagged in 1979 to 10.5 percent from the 1978 figure because of smaller imports of U.S. soybeans, corn, and tobacco.

Imports of U.S. soybeans, including transshipments through European Community and Canadian ports, fell by 22 percent in volume to 890,000 tons and by some 21 percent in value to about $266.8 million.

U.K. imports of U.S. flue-cured tobacco dropped precipitously to 44.5 million kilograms in 1979 from the 1978 figure, which had been inflated by heavy transshipments through the United Kingdom to other EC destinations.

Corn imports from the United States also were off in 1979, slipping 5 percent to some $361.7 million. Wheat and cotton imports, however, both increased over 1978 levels, although cotton gains were slight. Imports of U.S. wheat rose by 88 percent to about $136.9 million, while the quantity went from 319,000 tons to 656,000 tons.

Other selected agricultural products imported from the United States in 1979, with value in $1,000, included: Live animals, $13,982; meats and preparations, $60,276; fruits and vegetables, $129,439; and miscellaneous food preparations, $14,106.

Other EC countries were the United Kingdom's best customers for and sources of agricultural imports and exports in 1978 and 1979. In 1979, the United Kingdom imported some $6.64 billion worth of farm products from EC countries, compared with $6.03 billion in 1978.

In 1979, the United Kingdom exported some $3.33 billion (f.o.b.) of its agricultural products to its European Community partners versus $3.16 billion in 1978.

There was a fall of 35 million kilograms in U.K. imports of unmanufactured tobacco in January-November 1979 to 177 million kilograms. The percentage fall in imports from the United States was even greater as imports of U.S. leaf of all kinds were down to only 49.2 million kilograms.

There was a slight rise in U.K. imports of unstripped flue-cured leaf to 30.7 million kilograms, with receipts from the United States rising slightly to 12.6 million kilograms.

However, total imports of stripped flue-cured leaf—which is the largest import category—were down to 129.2 million kilograms. In 1978, it was in this category that the United States was strongest, but in the first 11 months of 1979, imports of U.S.-flue-cured leaf fell by 46 percent.

In the raw cotton sector, the United States strengthened its position, while both Colombia, and Turkey lost ground. The Soviet Union maintained

its position as the United Kingdom's leading supplier. Total U.K. imports of raw cotton in the January-November 1979 period were down slightly to 90,500 tons (416,000 bales—480 lb net) from those of the same months a year earlier.

The United States boosted its share of British cotton imports in the January-November 1979 period by about 8,500 bales to 73,000 bales.

There were significant shifts in the relative importance of the various oilseeds in the United Kingdom in 1979, compared with the previous 2 years, although soybeans remain by far the largest in volume and most important oilseed imported by and crushed in the United Kingdom.

All but a small proportion of the oilseed import total was, as usual, from the United States, but as imports of U.S. soybeans were almost a quarter-million tons lower in 1979 than in 1978, U.S. shipments bore the brunt of the falloff. The reduction was partly made up for by larger supplies of sunflowerseed, rapeseed, and palm kernels, with—in the vegetable oil sector—a moderate rise in imports of palm oil.

Sunflowerseed imports by the United Kingdom have risen sharply in recent years and went from only 10,000 tons in 1977 to 120,000 tons in 1979, largely because of growing popularity of sunflowerseed-oil margarine, which offers the advantages of being low in cholesterol, soft in texture, and bland in taste.

In the grain sector, the United Kingdom's grain requirements over the most recent 3-year period increased slightly to 22.3 million tons in 1979/80. Imports, while still substantial, fell in that period by about 1.2 million tons.

Grains now being imported are used to fill requirements that cannot be satisfied from U.K. production: hard wheat for bread and high-quality corn for distilling and other industrial uses. Feed corn use is possibly approaching the minimum level required for balanced compound feed formulations.

In 1979/80, imports will provide only 29 percent of the United Kingdom's total grain requirements, compared with 35 percent as recently as 1977/78. Within the animal feed sector, U.K-grown grains in 1979/80 are expected to provide 85 percent of total requirements, the remaining 15 percent being met by imports.

Within the feed sector, homegrown wheat will account for 32 percent of all grain-for-feed requirements in the current year. As recently as 1977/78, the proportion was only 23 percent.

Estimated utilization of corn in feed in 1979/80 is put at only 1.35 million tons, 11 percent of grain-for-feed requirements compared with 14.5 percent in 1977/78.

The rise in use of grain for human food and by industry was not as marked as in the feedgrains sector, but it was still significant. Total U.K grain requirements for these uses are estimated at 9.47 million tons in 1979/80, about half home-produced and half imported.

The quantity of U.K. grains used for food and by industry depends on the quality of the domestic wheat crop. Because it was unusually high in 1978/79, more U.K.-grown wheat was used that year, reducing the imported share. In 1979/80, however, the quality of that year's large crop was off slightly and the proportion of homegrown wheat used in the food and industrial sector fell to 50 percent of requirements, against 53 percent in 1978/79.

There has been some overall increase, nonetheless, in the U.K. milling and baking industries' offtake of domestically produced soft wheat at the expense of imports of mostly similar grains grown in other EC countries, particularly France, Denmark, and West Germany.

Around 1.7 million tons of imported hard wheat cannot be supplanted by homegrown wheat without changes in the British taste for bread and in the baking industry's production methods and machinery.

While animal-feed demands for corn have declined significantly in recent years, there has been a fairly steady growth in corn's utilization by the food and industrial sector, particularly for distilling.

In 1977/78, corn for food and industrial use was 46 percent of total corn supplies; by 1979/80, it is estimated that these uses will require 55 percent. This sector of the U.K. corn market requires high-quality grain at competitive prices.

At the present time the United Kingdom is hovering on the verge of a grain surplus problem. For several years there has been a danger of a barley surplus.

Although there was a drop in exports in 1978/79, a smaller barley crop prevented a serious buildup in stocks. However, there could be a buildup in stocks in the current year because exports are expected to be less than in 1978/79, particularly in view of an expected downturn in pig production.

At the same time, if other sectors of the U.K. livestock economy take a downturn, the United Kingdom may begin to see a buildup of wheat stocks, something that was not previously a problem. Well over half of the wheat produced in the United Kingdom is used for animal feed.

There is less of a market for U.K. wheat exports than for barley and present indications point to the possibility of another 7-million-plus-ton wheat crop for 1980. Favorable winter weather should result in better yields of autumn-sown wheat, giving rise to indications of a larger crop than earlier indicated.—*Based on report by William L. Rodman, U.S. Agricultural Counselor, London.* □

Mexico Joins Billion-Dollar Markets as U.S. Sales There Rise 13 Percent Above 1978 Level

United States agricultural exports to Mexico last year surpassed the $1-billion mark for the first time, as drought in Mexico forced increased buying of grains and other imports and demand for farm products continued its upward thrust of recent years.

Further trade expansion is forecast for 1980 in view of Mexico's improving economic situation and heavy importing of grain to rebuild stocks depleted during the 1979 drought. The country's move to liberalize trade and increase the private sector's trade role also bodes well for imports, despite growing Mexican concern over declining levels of self-sufficiency.

These concerns have focused attention on boosting production of grains and other food crops, to the potential detriment of export products such as cotton.

Mexico also must deal with a severe transportation problem, which curtailed shipping last year and forced a postponement of some needed agricultural imports.

The calendar 1979 total for U.S. farm exports to Mexico stands at $1.02 billion—13 percent above the 1978 level of $903 million—which puts Mexico in ninth place among export markets for U.S. agricultural products. Some highlights of this U.S. export trade:

- U.S. wheat, showing the largest value gain, moved past soybeans and corn to become the leading agricultural export earner. Its value rose 122 percent above the 1978 level to $197 million, while volume gained 77 percent to 1.18 million metric tons.
- Shipments of grain sorghum also moved up sharply to rank second as value jumped 137 percent above the 1978 level to $154 million and volume climbed 115 percent to 1.34 million tons.
- Exports of soybeans, normally the leading farm export to Mexico, slipped 34 percent in value, to $118 million, and 42 percent in volume, to 407,618 tons. Even more dramatic was the 98 percent decline in exports of other oilseeds, from 1978's $89.2 million. These declines were made up in part by larger shipments of soybean cake and meal (up 98 percent to $43.2 million) and other cakes and meals.
- Corn, the fourth largest U.S. agricultural export to Mexico last year, fell 29 percent below the 1978 value to $114 million and 34 percent in volume to 865,201 tons, as a result of transportation and logistical problems. These lower exports will be followed by sharply larger shipments in 1980 as Mexico rebuilds its depleted stocks and buys almost exclusively from the United States.
- Hides and skins moved into the No. 5 export position last year as their value soared 87 percent to $102 million, and volume gained 34 percent to 4,616 tons.

One important trade development was the conclusion in January 1980 of a supply agreement between the Mexican Government and the U.S. Department of Agriculture for some 4.8 million tons of U.S. commodities to Mexico during 1980.

Included under the agreement were some of the wheat, corn, soybeans and soybean products made available as a result of the suspension of U.S. exports to the Soviet Union, as well as grain sorghum, edible beans, sunflowerseed, tallow, and rice.

Last year, the Mexican Government also reversed the trend toward growing trade restrictions. On March 26, 1979, the Government issued a tender for the purchase of 110,000 tons of grain sorghum, which represented the first time since late 1976 that Mexico has returned to a tender basis for the purchase of grains.

More important, however, was the fact that the sorghum was bought directly for the account of the mixed feed industry, rather than by the Government purchasing agent, CONASUPO.

Most purchases since have been made on a tender basis as a result of an agreement between the newly created Undersecretariat for Regulation and Supply of the Ministry of Commerce and the private mixed feed, wheat milling, and oilseed processing industries.

These moves, along with the increase in agricultural imports last year, reflect the growing strength of Mexico's economy in concert with some major setbacks in its agricultural sector.

Economic growth in Mexico last year continued a recovery begun in 1978, pushing the gross domestic product ahead by some 7.5-8.0 percent during 1979.

For Mexican agriculture, on the other hand, 1979 proved to be a particularly difficult year, with a repeat, and more insidious, occurrence of the dry conditions that had plagued crops in 1978. Compounding the problem was a series of severe frosts in major growing areas.

In the end, total crop output declined by 7-8 percent during 1979, while dairy and livestock production failed to keep up with demand and suffered a series of problems ranging from cost-price squeezes to serious transportation dislocations.

Grain. The important grain crop declined an estimated 11 percent to 14.7 million tons as the detrimental effects of unfavorable weather offset the stimulating impact of increased grower support prices, enhanced credit, and improved seed availability.

Output of corn, which encompasses around 70 percent of Mexico's grain area, declined 8 percent below the modest 1978 level, to an estimated 9.4 million tons.

Production of grain sorghum fell 30 percent to an estimated 2.3 million tons; that of dry beans fell 28 percent to around 700,000 tons; and wheat sank 150,000 tons below the 1978 level to 2.2

million tons in the wake of a large-scale diversion to cotton, safflower, sesame, and horticultural products.

Further compounding the problem were disruptions in domestic supply owing to rail transportation tieups and port congestion. To alleviate the situation, the Government recently launched a five-part program, which includes: Renovating disabled locomotives; renting some 100 locomotives from the United States and Canada; moving certain unit trains into Mexico with U.S. locomotives intact, rather than replacing them at the border; increased use of trucks to move grain; and better programming.

Despite the strain on its transportation system, Mexico is expected to import a record 6.2 million tons of grains in 1979/80. Wheat imports through January of 1979/80 (July-June) are placed at 825,000 tons, all from the United States, and are expected to reach 1.2 million tons by the season's end. Corn imports during the October-September marketing year are forecast to rise to 3.0 million tons, all from the United States.

Imported sorghum contracted for delivery through July 1980 totals 1.6 million tons, with another 200,000 tons expected to be purchased in late summer. All imports are being supplied by the United States, compared with 80 percent in 1978/79.

The Mexican Government also has moved aggressively to encourage domestic grain production, which should bring a sizable increase in 1980/81 crops given a return to more favorable weather.

Livestock and dairy. The Mexican livestock sector was plagued not only by transportation and feed problems, but also by other economic and political factors. The drought and frosts destroyed pastureland, as well as crops, particularly in northern Mexico where pasturing is all-important.

Added to the industry's plight was the Government's embargo throughout much of the year on exports of beef and live cattle. These embargoes—imposed as a means of boosting domestic supplies—effectively eliminated the traditional U.S. market for beef and cattle and put pressure on pastures to handle the additional numbers.

Overall, beef and veal production last year is estimated to have declined about 1 percent below the 1978 level to 1.04 million tons. Pork production is estimated up some 2 percent from the 1978 level to 450,000 tons—a slower rate of growth than had been anticipated.

Poultry meat production, in contrast, continued its unabated growth of recent years, rising about 12 percent from the 1978 level to 426,000 tons. Government officials expect chicken production to continue to increase by more than 10 percent annually during the next 3 years at least and to take up some of the slack in the country's beef production.

Egg production last year is believed to have increased between 6 and 9 percent to around 10.9 billion pieces.

Milk output is estimated up 1.9 percent from 1978's to 6.8 million tons, but with the gain reportedly coming from increased numbers of nonconfined dairy animals.

Oilseeds. Output increased roughly 16 percent from the drought-reduced level of 1978 to an estimated 2.11 million tons. This growth was highlighted by a doubling of the rapidly expanding soybean crop to 600,000 tons. Sesame output also reached a new record, safflower gained slightly, and cottonseed and copra production declined from their 1978 levels. The overall production gain is reflected in reduced imports of soybeans from the United States—supplier of 90 percent of Mexico's soybean imports.

Horticultural. Production of most fruit and vegetable crops also gained last year, reflecting increased plantings and continued public and private investment. Among the important fruit crops, orange output rose by 14 percent to 2.8 million tons; watermelons, by 50,000 tons to 300,000; and grapes, by 70,000 tons to 420,000. Strawberry output in 1978/79 dipped slightly below the previous year's level to 87,816 tons and is forecast to decline again in 1979/80. Gainers among the vegetable crops included fresh tomatoes, up by 120,000 tons to 1.12 million; onions, by some 4,300 tons to 335,840; cucumbers, by more than 45,000 tons to 190,000; and garlic, by more than 10,000 tons to nearly 41,000.

Much of the fruit and vegetable production is destined for the important U.S. market.

Coffee. Mexican output in 1978/79 rose 16.6 percent above the 1977/78 level to 4.1 million bags (60 kg), but is estimated at only 3.8 million bags in 1979/80. Coffee exports are expected to total only around 2.5 million bags in 1979/80, compared with 3.0 million in 1978/79.

Cotton. Production in 1979/80 is estimated at 1.52 million bales, 30,000 under those of a year earlier. Shifts out of wheat and other grains to cotton resulted in an increase in total crop area, but production was curtailed by lower average yields resulting from unfavorable growing conditions and insect problems. The reverse situation is expected to prevail in 1980/81 as the Government emphasizes production of staple food crops, and factors such as rising production costs and labor shortages take their toll. Thus, even with a resurgence in yield due to more normal weather conditions, production may be slightly less than in 1979/80.

Cotton exports in 1979/80 are expected to total 800,000 bales, about 100,000 bales less than shipments a year earlier.—*Based on a dispatch from John E. Montel, U.S. Agricultural Counselor, Mexico City.* □

U.S. Farm Exports to Italy Rise Slightly in 1979 To Set New Record

Although U.S. agricultural exports to Italy edged upward by less than one-half of 1 percent to $1,004,822,000 during 1979, it was enough to set a new high and put Italy in the "billion-dollar club" for the second straight year. Italy ranked as the 10th leading U.S. farm market last year.

About three-fourths of U.S. farm exports to Italy consist of grains, oilseeds, and soybean cake and meal, but tobacco, cotton, and hides and skins are also important. The U.S. share of the Italian farm market normally runs about 10 percent as the bulk of Italy's farm trade occurs with partners in the European Community (EC).

The smaller volume and value of U.S. wheat, corn, and tobacco exports to Italy in 1979 were more than offset by gains in oilseeds and products, cotton, hides and skins, and nuts. Higher unit values also were realized for wheat, corn, cotton, soybeans, and soybean cake and meal.

In calendar 1979, the most important U.S. farm exports to Italy in millions of dollars (with 1978 levels in parentheses) were: Soybeans $241 ($225); corn, $175 ($241); soybean cake and meal, $154 ($149); hides and skins, $81 ($34); tobacco, $69 ($78); wheat and wheat flour, $61 ($68); and cotton, including linters, $59 ($33). These seven commodity groups accounted for about $840 million of U.S. farm exports to that billion-dollar market.

U.S. farm imports from Italy rose to $327 million in 1979 from $281 million the year earlier. Wine and other alcoholic beverages again were the major import category—totaling $216 million, up from $180 million in 1978.

On the domestic side, Italy's farm production grew about 2 percent in 1979, but at a slower rate than the overall economy. Although the value of livestock production rose at a faster pace than that of crops, prices did not satisfy livestock producers. Italy is heavily deficit in this sector and imports of live animals and meat continued to expand in 1979.

The dairy industry is faced with high producer prices for milk and large imports of cheaper milk, forcing domestic milk production into cheese production. Unfortunately, high retail prices of traditional hard cheeses have already produced surpluses.

Italy's wheat production declined slightly while outturns of corn, barley, and rice advanced. Olive production was affected by the spring frosts and the quality of olive oil varied. The pear and almond crops were also affected by the frosts, but other fruit crops fared better.

Italy's large meat trade deficit is expected to remain the country's most pressing farm problem. Although the livestock sector accounts for 40 percent of the nation's farm production, imports of live animals and meat were responsible for about half of Italy's growing farm trade deficit of about $7 billion in 1979, Jan.-Oct. (See *Foreign Agriculture*, April 1980).

Because of the slow progress of agricultural development in southern Italy, no significant changes are seen in farm production trends.

Concern over the livestock/meat deficit pervades the Government and has helped generate new bilateral activity in U.S.-Italian cooperation. Among other initiatives, the United States is providing consultation on cattle fertility problems and guidance on feasibility determinations for proposed cattle development projects in southern Italy. Such programs are important, but their progress will be slow.

Italian agriculture continues to be dominated by the EC's Common Agricultural Policy (CAP). Italy received several special EC concessions for farmers, including four green lira devaluations, extension of processing subsidies to several new products, and a larger levy discount for feedgrains imported by sea.

Italy has assumed the EC presidency for January-June 1980 and will be chairing several important EC discussions on budget problems, price increases, and some restructuring of the CAP. On the national level, Italian farmers will be pressing for price protection against the 20-percent inflation rate.

Italy's large meat trade deficit continued in 1979, despite a gain in livestock production. Live cattle imports during January-October 1979 (latest available data) rose 5 percent to 1.8 million head, with 80 percent coming from other EC countries.

During the first 9 months of 1979, U.S. exports to Italy consisting mostly of dairy breeding cattle, totaled only 409 head, compared with 1,881 for the comparable 1978 period. As for meat, the EC import policy limited Italian beef and veal imports from third countries.

Italian beef imports in 1979 are estimated at 360,000 tons, compared with 335,000 in 1978, with about 80 percent coming from EC suppliers.

Pork imports are placed at 320,000 tons, up from 272,000 a year earlier and hog imports are estimated at 750,000 head, substantially higher than the 479,000 head imported in 1978. About 94 percent of these imports came from within the EC.

In order to cope with the lower domestic supply, Italy's wheat imports are expected to reach 2.7 million tons in 1979/80, 7 percent greater than the year earlier. In 1978/79, Italy imported 560,000 tons of U.S. Durum and bread wheats and the U.S. market share should improve this season.

To meet higher demand for animal feed, Italy imported 4.1 million tons of corn in 1978/79—and 1.3 million tons of barley (mostly from the EC).

After a slump the previous year, the United States regained its position as the major corn supplier with a 56-percent share of the market. Although the larger corn crop in 1979 may cut

import demand, corn imports from the United States could hit record levels in 1979/80, reflecting higher prices for Argentine corn and waning domestic demand for yellow-skinned poultry.

Italy is a net importer of oilseeds and the United States is a major supplier in this sector. During the first 9 months of 1979, the United States supplied 83 percent of Italy's soybean imports, 60 percent of imported soybean meal, and 94 percent of sunflowerseed imports. In 1979, U.S. exported 886,802 tons of soybeans (-2 percent), 678,347 tons of soybean cake and meal (-9 percent) and 133,267 tons (+33 percent) of sunflowerseed to Italy.

In other areas, the United States was top supplier of cotton and tobacco to Italy, providing about 40 percent (15,769 tons) of Italy's imported tobacco leaf and supplying 22 percent (172,000 bales—480 lb net) of cotton imports.

The output of Italy's livestock sector rose 2.5 percent to a record high and meat production topped 3 million metric tons for the first time. Still, results were somewhat disappointing and 1979 was not considered a very satisfactory year for Italian cattlemen as cattle prices remained steady while production costs rose.

Beef production increased 5 percent to 1.08 million tons, reflecting larger slaughter of imported feeder calves. The Italian cattle industry is heavily dependent on imports of both live animals and beef. At least one-fourth of domestic beef output stems from the slaughter of foreign calves and imported beef accounts for around one-quarter of domestic consumption.

Although pork production is estimated at 921,000 tons, slightly under the year-earlier level, the improved market situation should have induced producers to begin holding their hogs, especially breeding stock. The hog cycle, which turned downward 2 years ago, seems to be rebounding after hitting bottom last summer.

Higher demand for the processing industry triggered a rise in producer prices, which in late December were 45 percent above year-earlier prices. Italy is only 60 percent self-sufficient in beef and 72 percent in pork.

Poultry outturn advanced 3 percent to 925,000 tons and was highlighted by the rapidly expanding turkey production. Lower-priced turkey meat appeals to consumers as a substitute for beef and veal.

Italy's dairy cattle numbers are estimated at just over 3 million head, down from a high of 3.7 million in 1968. Yet, fluid milk production last year is placed at about 11 million tons, compared with 9.3 million in 1968. What ended as a year of recovery for the dairy industry in 1978 gave way by the end of 1979 to a crisis of cheese over-supply and high prices.

Responding to the high prices, consumers decreased their purchases of cheese, which in turn forced a slowdown throughout the market-distribution system. This led to a buildup in cheese carryover stocks and depressed prices to below-cost levels. The problem is expected to continue in 1980, primarily because of the high volume of lower-priced imports—mainly from other EC countries.

The cold late spring and hot summer produced mixed results in the grain sector. Quantity and quality of wheat were below 1978's level as production slipped 4 percent to 8.8 million tons. In 1980, Durum wheat production is expected to expand in response to higher prices.

The corn outturn gained 3 percent to 6.4 million tons because of a larger area and better yields in 1979 and that expansion should continue this year. Barley output rose 3 percent to 840,000 tons while oats fell 9 percent to 420,000 tons.

Favorable weather during the summer and harvest time resulted in exceptional rice yields as paddy production reached a record 1,008,000 tons, up 6 percent from that of 1978. Area is expected to remain about the same in 1980, and results again will depend on the weather.

Italy is not self-sufficient in oilseeds, so it must depend on imports, which have been increasing because of larger demand by the feed industry. Olive production rose 5 percent last year to 2.4 million tons as production of other oilseeds remained marginal.

Fresh fruit production, the country's leading export earner, fared reasonably well, although pear production deteriorated 15 percent from 1978 to 1,030,000 tons last year. Apple outturn did better, though, rising about 4 percent to 1.95 million tons, while peach production held its own at 1.2 million tons.

The country's grape harvest reached a record 11.7 million tons of which 10.4 million tons were used to produce 76 million hectoliters of wine—5 percent greater than in 1978. Of this, 15.8 million hectoliters went into export.

Most citrus crops suffered some tree damage from the spring frosts, but rains in late autumn benefited production. Lemon output climbed 2 percent to 745,000 tons and oranges gained 1.5 percent to 1.6 million tons. Mandarin production, however, remained about the same at 342,000 tons.

Improved genetics and technology continue to influence the expansion of tomato area, which gained 20 percent last year as production rose 10 percent to 4.2 million tons. Availability of tomatoes for processing grew one-third to about 3 million tons.

Higher profits, largely from the EC processing subsidy, persuaded farmers to plant tomatoes in lieu of other crops. Also, most older varieties have been replaced by newer ones—many of them of U.S. origin. As a result, yields have improved.—*Based on a report from Edmund L. Nichols, U.S. Agricultural Counselor, Rome.* □

FACT FILE

History of U.S. Dairy Import Program

Milk production, its subsequent processing into fluid milk for drinking and other milk products, such as ice cream, cheese, powdered milk, and butter, is a major food and agricultural industry in the United States. Of the 2.3 million farms in the United States last year, 352,000 had dairying operations. While that number has declined steadily in recent years, farm families that continue dairying have earned rising incomes. In 1978, cash receipts to dairymen amounted to $12.7 billion, up 8 percent over year-earlier figures. This averaged $33,000 per dairy farm. Dairy products form a major part of the U.S. diet and imported dairy products account for about 10.5 pounds, or about 1.9 percent of total consumption of dairy products on a milk equivalent basis. Imports of cheese are a more significant part of total cheese consumption, roughly 6.4 percent.

Cheese consumption has increased substantially in recent years, reaching 18 pounds per person in 1979—more than twice the amount consumed 15 years earlier. Rising cheese consumption, along with rising prices for alternate foods such as meat and steadily rising support prices have been the factors leading to favorable prices for dairy products and for milk sold by dairymen. Increasing demand for cheese has basically offset decreasing demand for nonfat dry milk, butter, and evaporated milk.

In 1979, the value of U.S. imports of dairy products reached $418 million—an increase of 18 percent over the 1978 level. Cheese and casein imports continued to lead the way and comprised 70 and 27 percent, respectively, of all dairy imports on a value basis. The total value of cheese imports increased by approximately $26 million, or about 10 percent. The cheese import advance was led by the basket category of "other" cheese, which rose by about 6,000 tons and $20 million in 1979. Imports of Swiss (Emmenthaler) cheese also made large gains. New Zealand, Denmark, and Finland continued to be top three sources of cheese imports in 1979.

Almost all dairy imports into the United States are subject to quotas authorized under Section 22 of the Agricultural Adjustment Act of 1933, as amended. Briefly, this authority allows the President, on recommendation of the Secretary of Agriculture, to direct the U.S. International Trade Commission (ITC) to investigate and report if the Secretary believes that imports are interfering with a price support or stabilization program of the U.S. Department of Agriculture.

Based on the findings of the ITC, the President may impose fees or quotas in addition to basic duties. Additional fees may not exceed 50 percent ad valorem and the quotas may not be less than 50 percent of the quantity imported during a previous representative period. Also, the President can set import levels for the affected article or articles on the basis of physical qualities, value, use, or any other basis that he determines. (Section 22 quotas have been imposed not only on dairy imports, but for cotton, certain nuts and oils, and certain grains and the flours made from the grain.)

If the Secretary of Agriculture reports that imports are creating an emergency situation, the President can act without waiting for the ITC's report findings. "Any such action by the President shall continue in effect pending the report and recommendations of the ITC and action thereon by the President." However, the Trade Agreements Act of 1979 stresses that until 1983, no increases may be made in the cheese quotas unless "extraordinary circumstances warrant such action.

Most of the U.S. dairy import quotas are administered through licensing by the Dairy, Livestock, and Poultry Division of the Foreign Agricultural Service of the U.S. Department of Agriculture. The quota for each commodity is al-

U.S. Dairy Product Quotas

Administered by USDA

Butter
Dried cream
Malted milk
Dried whole milk
Dried skimmed milk
Dried buttermilk and whey
Edam and Gouda cheese
Blue-mold cheese (except Stilton made in England and Roquefort from France)
Cheddar cheese
American-type cheese, other than Cheddar
Italian-type cheese in original loaves
Italian-type cheese not in original loaves
Swiss or Emmenthaler cheese with eye formation
Gruyere-process cheese (and Swiss other than with eye formation)
Other cheese not specifically provided for[1]
Other cheese—low fat

Administered by U.S. Customs Service

Milk and cream, fluid or frozen, fresh or sour
Milk and cream, condensed or evaporated
Butter substitutes
Natural Cheddar cheese, the product of Canada
Animal feeds containing milk or milk derivatives
Ice cream
Dried milk mixtures, containing not more than 5.5 percent by weight of butterfat
Chocolate crumb[2]

[1] A basket category of many cheeses not specifically provided for in the Tariff Schedule of the United States.
[2] A mixture of cocoa powder, powdered milk, and sugar used primarily as a coating for candy.

located among eligible licensees under the provisions of Import Regulation 1, as revised and amended. Other dairy import quotas are administered by the Customs Service of the U.S. Department of the Treasury. These quotas are administered on an unlicensed, first-come, first-served basis.

Cheese quotas were instituted in the 1950's to protect domestic support price programs. These first quotas were for Cheddar, Italian-type, Blue-mold, Edam, and Gouda cheeses. In the late 1960's, these quotas were extended to include Swiss-type and "Other" cheeses, whose price was below the price break.[3] Under the Trade Agreements Act of 1979, cheese import quotas were extended even further. Under this Act, the fastest-growing cheese import sector was brought under absolute quota for the first time. In addition, a speedy procedure was established to deal with subsidies on exports that allow foreign cheese prices to undercut domestic prices.

The cheese agreements reached in the Tokyo Round of the Multilateral Trade Negotiations (MTN's) and the implementing legislation, found in Section 701 and 702 of the Trade Agreements Act, essentially did three things:

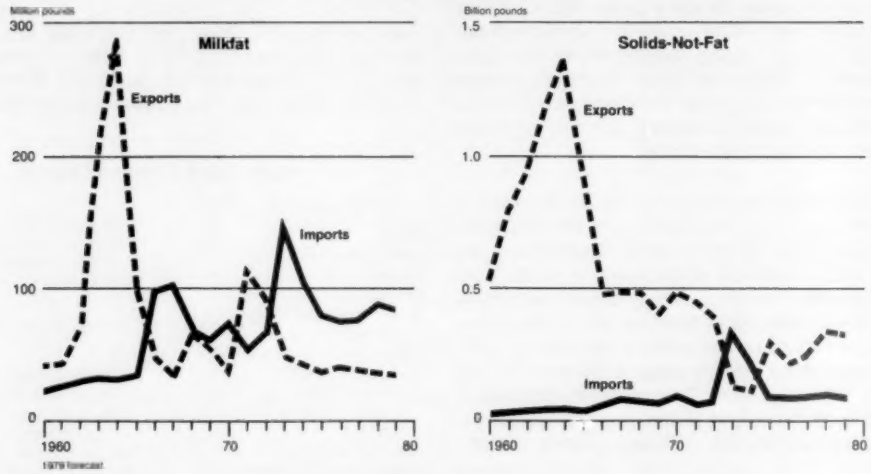
First, they increased the U.S. import limit on cheese under quota from 57,960 tons to 111,000 tons. This will permit an estimated 125,000 tons of total cheese imports in 1980, a 13.7 percent increase over 1979's imports.

Perhaps the most important feature of the cheese agreements is that while increasing the quota, they extended its coverage to the so-called "price-break" (i.e. Swiss-type and "Other") cheeses, whose f.o.b. price was above the price-break. Price break cheeses free of quota have accounted for virtually all the growth in cheese imports into this country since the mid-1960's. They have risen from about 10 percent of total U.S. cheese imports 15 years ago to 40-45 percent in 1979. With the agreement in effect, only goat and sheep's milk cheeses (other than Blue-mold), soft-ripened cheeses, Stilton, Roquefort, Gjetost, and a few other specialty cheeses are free of quotas. If the quotas are fully used, about 85 percent of total cheese imports will be under quota, compared with about 50 percent previously.

The third principal feature of the cheese package is the provision in Section 702 of the Act that prohibits price undercutting of domestic cheese by imported, subsidized quota cheese. U.S. Department of Agriculture regulations set forth a procedure and a time schedule that mandates resolution of a complaint of price undercutting within 55 days from the date of its receipt by the Secretary of Agriculture. If a complaint of price undercutting is substantiated, the President must impose an offsetting import fee on the subsidized product or prohibit or limit its entry into the United States.

[3] The price-break was the Commodity Credit Corporation's purchase price per pound for Grade A Cheddar cheese in 40 pound blocks, plus 7 cents.

U.S. Dairy Imports and Exports



U.S. Dairy Imports and Exports

[In million pounds]

	1971	1972	1973	1974	1975	1976	1977	1978	1979[1]
Milkfat									
Imports	52	66	150	108	65	74	75	87	84
Exports[2]	114	82	48	41	38	39	38	36	33
Solids-not-fat									
Imports	57	67	335	216	67	76	81	95	81
Exports[2]	447	385	123	119	203	215	239	333	317

[1]Forecast. [2]Includes shipments to U.S. territories.

Philippines

Gains in Farm Output Kick Off Major Agricultural Thrust of 1980's

Agricultural production in the Philippines registered a growth of 6 percent in calendar 1979, compared with a gain of 5.4 percent of the year earlier, and played a key role in cushioning the impact of recession and inflation on the nation's economy.

Increased agricultural output last year was led by an 8.1-percent gain in crop production and a 7.7-percent advance in poultry outturn that more than offset the 9.8-percent decline in livestock production. The country's agriculture, excluding fishery and forestry, contributed about $5.2 billion to the economy and accounted for about one-fifth of the gross national product.

In the 1980's, Government plans call for continued growth in farm output, with the main thrust directed toward cheap but nutritious foods that could also serve as foreign exchange earners. with the launching of the backyard cattle-raising program and implementation of the first two phases of the Dairy Industry Development Act during the past year, the Government is aiming at self-sufficiency in beef and a 30-percent reduction in dairy imports by 1985.

The Ministry of Agriculture also is stepping up efforts to produce commodities that traditionally have been imported, such as wheat, cotton, and soybeans.

To combat rising prices of imported petroleum and growing balance of payments deficits, the Philippines is trying to develop other sources of energy from agriculture.

More immediate Government measures to forestall another massive balance-of-payments deficit this year include Philippine membership in the General Agreement on Tariffs and Trade (GATT) arising from its participation in the Multilateral Trade Negotiations (MTN).

That part of the MTN that took place between the Philippines and the United State covered about one-third of U.S. imports from the Philippines and more than half of Philippine exports to the United States.

Among Philippine tariff reductions on U.S. products are those for turkey meat, fresh apples, raisins, dried peas, tallow, and vegetable proteins. The tariffs were bound on a number of other agricultural items, including soybeans, soybean products, orange juice concentrate in bulk, and cotton.

U.S. tariffs will be eliminated for coconut oil, desiccated coconut meat, and abaca fiber, and substantially reduced on canned pineapples, prepared bananas, and anchovies.

The United States continues as the main supplier of food aid to the Philippines. In fiscal 1979, the United States provided about 48,000 metric tons of food products through P.L. 480, Title II and more than 70,000 tons wheat under Title I.

Despite gains in both industrial and farm sectors, the Philippines trade deficit rose to about $1.7 billion in 1979, up from $1.3 billion a year earlier. Its agricultural trade deficit nearly doubled from 1977 to 1978 in rising to $1.3 billion.

However, farm trade with the United States continued to favor the Philippines, jumping from a positive balance of $225 million in 1978 to $314 million last year.

U.S. agricultural exports to the Philippines rose from $210 million in 1978 to $263 million last year and were dominated again by wheat and wheat flour ($135 million), followed by cotton ($33 million), and tobacco ($27 million).

U.S. farm imports from the Philippines also advanced rising from $535 million in 1978 to $577 million. Coconut oil was again by far the largest import in 1979. Its value was $353 million (up from $246 million in 1978) and accounted for 61 percent of U.S. farm imports.

In calendar 1978, the Philippines was the seventh leading agricultural supplier of the United States, ranking behind Indonesia, Australia, Canada, Colombia, Mexico, and Brazil.

Coconut products were again the Philippines leading foreign exchange earner in 1979 as export receipts topped $1 billion, up from $899 million in 1978. High unit prices compensated for the 16-percent decline in volume.

Output of copra, crushed for oil, stood at 1.95 million tons, virtually unchanged from that of 1978, while peanut production rose 14 percent to 42,000 tons, palm oil 11 percent to 12,000 tons, and castorbean 13 percent to 13,000 tons.

Recovering from a 2-year decline, the soybean harvest rose to 8,000 tons. Soybean production is expected to increase sharply over the next several years to supply the new crushing facility in Tabangao, Batangas. About half of the facility's requirements are to be produced locally within 5 years from the start of operations.

Meanwhile, the bulk of the plant's requirements will be imported—and the United States probably will be a chief beneficiary.

The country's No. 2 export earner, sugar shipments are estimated at 1 million tons, down 38 percent from the previous year as exports to

the United States fell from 1.03 million tons in 1977/78 to 489,655 tons in 1978/79. Production in 1979/80 is forecast to rise slightly to 2.4 million tons accompanied by a recovery in Philippine exports to about 1.4 million tons.

About one-third of the country's banana output of 2.5 million tons was exported last year—mostly to Japan. Bananas ranked as the third leading export earner.

Having achieved self-sufficiency in rice for the past 2 years, the Philippines has become a significant rice exporter. Production hit a record 4.4 million tons in 1978/79 and exports are expected to increase in 1979/80 to about 200,000 tons, with the major purchasers being Indonesia, Brazil, and Malaysia.

Wheat is not expected to come into commercial production for the next several years, so the country's requirements will have to be imported. In 1978/79 these imports totaled 717,000 tons—all from the United States. Arrivals this year are forecast at 800,000 tons, with 95 percent coming from the United States.—*Based on a report from John E. Riesz, U.S. Agricultural Attaché, Manila.* □

Israel

Some Export Products Affected By Costlier Irrigation Water

Israel's production of bananas (top photo) and cotton (above) may be affected by higher irrigation water prices. Oranges, avacadoes, and some vegetables will also suffer.

The Israeli Government has sharply increased prices for irrigation water—a step likely to have substantial impact on production and exports of such important foreign-exchange earners as cotton, oranges, avocadoes, and some vegetables.

Irrigation water prices have risen steadily in Israel since 1973, when energy prices began climbing. In April, water prices were boosted from the equivalent of 7 U.S. cents per cubic meter to 16 cents—a jump of 320 percent over the April 1979 level. A further leap to as much as 27 cents by the end of the 1980 season has been hinted.

Irrigation is essential for almost all agricultural products grown in Israel, the major exceptions being wheat, a few rain-fed forage crops, and olives. About 80 percent of irrigation water is supplied by Mekorot, a public water supply company, with the rest from private wells, run-off catchments, and sewage plants.

As a result of the continuing advance in water prices, the concept of a water/income ratio is gaining acceptance among Israeli farmers, who can be expected to switch—under pressure of higher water costs—to crops for which marginal increases in water usage will produce maximum returns.

The outlook for Israel's major export crops (those whose prices are determined by the world market) follows:

Citrus. The profitability of orange production is likely to be severely affected. For shamouti oranges, which require an average 203 cubic meters of water per metric ton, the additional cost would be equal to $19.28 per metric ton of product. Net average income per metric ton of oranges at March 1980 prices—not taking into account the higher water charge—is about $20.

The new water charge, while not eliminating the entire profit, goes far in that direction. Citrus plantations yielding less than 38 metric tons per hectare will become unprofitable. The national average yield per hectare is 36 tons.

Grapefruit and lemons will be less affected than oranges — grapefruit because they require less water per ton of product, and lemons because they command higher prices.

Cotton. Unless relatively high prices prevail, irrigated cotton profitability will be endangered. Because cotton production requires large amounts of water—3,600 cubic meters for 1 ton of fiber and about 1.4 tons of seed—the added water charge is about 14 U.S. cents per pound.

In recent years, the return for capital and profit reached about 35 percent of gross f.o.b. returns. If this ratio holds, the new water charge will reduce that figure by half. A drop in cotton prices could lead to a drastic cut in production.

Wheat. Supplementary wheat production will be uneconomical under the new water charges. Although wheat is not normally irrigated, auxiliary irrigation is practiced and the accepted assumption is that 1 cubic meter of water

results in a marginal increase of 1 kilogram of wheat production. As a result, irrigation ceases to be profitable when the price of 1 cubic meter of water exceeds the price of 1 kilogram of wheat.

Avocadoes. Production of avocadoes, which has been expanding in recent years, is mainly for export. About 900 cubic meters of water are required to produce 1 ton of avocadoes. The added water charge is equal to $85.50. Avocado returns, f.o.b., are about $1,200 per ton, and production and packing costs are about $850 per ton, which permits producers to absorb the additional water charge.

Crops for domestic consumption. Prices of these commodities are strongly influenced by the marketing boards or determined by monopolistic suppliers, so any increase in production costs is passed on—at least partially—to the consumer. As a result, higher prices add to inflation.

At March 1980 price levels, the new water price will account for 7 percent (onions) to 15 percent (potatoes) of total production costs. For most products, this boost represents 1 to 3 months of normal inflationary price increases, and absorption into the marketing system poses no great problem.

Livestock. Water consumption by poultry and sheep through forage is marginal, and therefore does not contribute much to production costs.

Cattle, on the other hand, are intensive users of water. For the less efficient cattle operations—such as a 15-head herd on a moshav[1]—the added daily cost per animal will be equal to about 21 U.S. cents, or slightly less than the return for 1 liter of milk. A medium-size (20 head) cow herd is probably in the same position.

For farms already operating on a thin margin, the added cost may prove to be an unacceptable burden.

As far as water utilization goes, large (30 head) moshav herds are in the same position as the 300-head kibbutz herds that are based mainly on irrigated pastures. For these herds, the added cost per day is equal to about 13 U.S. cents, or 4 percent of current income from the sale of milk.

As a result of the higher water charge, marginal operations that have been based mainly on irrigated pasture for summer forage may be pushed into other types of feeding.

The new water charges emphasize the relatively high cost of producing roughage in Israel. Even prior to the latest increase in water charges, 1 feeding unit of alfalfa (equal to 1 kilogram of barley) cost about 35 U.S. cents, or more than twice the price of barley. Even corn—both chopped and fresh, and ensilaged—becomes too costly in relation to its feeding value.—*Based on report from Roger Puterbaugh, U.S. Agricultural Attaché, Tel Aviv.* □

1/ Moshvei and kibbutzim are rural collectives. On moshvei, production but not consumption is collectivized; on kibbutzim, both are collectivized.

Jamaica

Smut and Rust Diseases Add Woes to Sugar Industry

The spread of smut and rust disease in Jamaica—part of a wider outbreak in the Caribbean and Central America—has curtailed that country's sugar production over the past several years and presented severe problems for an already troubled sugar industry.

Steps taken by the Government—including a massive replanting program—over the past 2 years hopefully are starting to pay off in containing the spread of the disease.

Damage to Jamaican sugar production from smut and rust has been greater than previously believed. Agricultural officials in Jamaica have stated that around 20 percent of the country's production potential has been lost over the past few years because of extensive smut and rust problems.

Jamaica's sugar output for calendar 1980 is estimated at about 280,000 tons, well below production potential and only slightly above 1979's level of 270,000. Besides smut and rust problems, the poor prospects facing the sugar industry in 1980 are also aggravated by:

- Low sugar content of cane;
- Mechanical breakdowns because of a lack of spare parts;
- Chronic labor problems; and
- Considerable damage to cane fields and the poor transportation network.

Despite these problems, Jamaica's sugar exports could still approach 200,000 tons, perhaps including fulfillment of the International Sugar Organization (ISO) quota in calendar 1980. This compares with exports of about 190,000 tons in 1979, including 104,000 tons shipped under the ISO quota. Major markets last year were: the European Community, the United States, and Canada.

The Ministry of Agriculture announced a massive increase in the price of sugar to consumers, effective December 28. Some 10 days earlier, prices paid to producers and processors were increased from US$689 per long ton to US$936. Stocks at the end of 1980 are projected at 9,000 tons—well below the level of recent years.

Beginning in 1974, sugar cane smut has spread from Guyana throughout much of the Caribbean region and parts of Central America. It occurred in Florida in June 1978, but has not caused serious losses. In the past 2 years, rust damage to sugar cane has also intensified in many Caribbean and Central American countries.

Besides Jamaica, countries affected by the smut disease include Martinique, Trinidad, Belize, Venezuela, St. Kitts, and Cuba. Those experiencing rust problems include Dominican Republic, Guadeloupe, Mexico, Panama, and Cuba, Puerto Rico also has been affected.

Smut was first observed in Jamaica in November 1976, while rust was first detected in September 1978. Although the exact cause of the outbreaks is not known,

it has been suggested that the spread of the two diseases has occurred through both commercial and noncommercial channels. In the latter case, raw cane may have been smuggled into various countries.

In just 1 year from October 1977 to October 1978, the area reported to be affected by smut had risen from 1,953 hectares to 10,132 hectares, and all sugar cane areas in the country had experienced smut problems. The major reason for the rapid expansion was the proportion of fields bearing canes in the 3 to 6 month age category, a time when infection is easiest to detect.

In a determined effort to halt the spread of smut, the Government initiated three grant programs to assist farmers in replacing smut-susceptible varieties during the 1978 crop year (Jan.-Dec).

A grant of around US$9 per hectare was given to farmers to collect and record data on the spread of the disease and removal of infected plants.

A replanting grant amounting to around US$221 per hectare was approved in 1978 as the primary thrust in the Government's scheme to replant one-sixth of the country's sugar cane area each year to smut and rust resistant varieties. Each year, some 8,900 hectares would be replanted at a cost estimated at US$11.8 million.

A final grant of about US$441 per hectare was approved for establishing nurseries for smut-resistant varieties.

Although the area infected by smut rose approximately 985 hectares from October 1978 to August 1979, it appeared that a "peaking out" of the smut problem may have occurred. Assuming that infected areas can be plowed out, treated, and reestablished with resistant varieties, Government efforts to control the disease are having some success.

Because of Jamaica's proximity to the United States, some 600 U.S. cane varieties have been tested in Jamaica since September 1978. Smut was identified and subsequently eradicated in Florida in July 1978 and no recurrences have been observed.

Both plant cane and ratoon phases of smut resistance testing have been completed on the first shipment of 300 U.S. varieties. The second shipment is still being tested. In addition to smut resistance, rust resistance also is being evaluated on all U.S. varieties.—*Based on reports from Robert R. Anlauf, U.S. Agricultural Attaché, Santo Domingo.* □

India

Larger Cotton Crop May Lead To Higher Export Volume

India's forecast of a better-than-expected cotton crop in the 1979/80 (Aug.-July) year of 1.3 million metric tons (6.1 million 480-lb bales) could lead to exports this season of 87,000 tons (400,000 bales).

Exports of raw cotton during August-mid-February 1979/80 totaled approximately 28,000 tons (130,000 bales).

Although the India Cotton Mills Federation opposes additional exports, the Government is trying to maximize its foreign-exchange earnings and thus shrink its foreign-trade gap. On the other hand, the mills are urging that any exportable surpluses of cotton be stockpiled as a hedge against possible future crop failures.

In December, 8,000 bales were accepted for export by the private trade at prices ranging from $1.06 to $1.09 per pound. Of the 39,000 480-lb. bales of Bengal deshi cotton authorized for export from the 1979/80 crop, only 20,000 bales of the quota have been utilized—17,000 bales by the private trade and 4,000 bales by the Gujarat State Marketing Federation. The remaining bales have been earmarked for export by the Cotton Corporation of India and marketing federation in Punjab, Haryana, and Rajasthan.

The rising cost of synthetic fibers is causing mills to displace some manmade fibers with cotton, and cotton usage could reach 1.3 million tons (6 million bales).

According to the Cotton Mills Federation, India's exports of garments increased in value from about $300 million in 1977/78 to $413 million in 1978/79— a jump of 37 percent.

The State Trading Corporation (STC) is preparing a promotional drive to encourage exports of textiles, including fabrics and garments, and expects to boost total textile exports from an average yearly sales of $9 million to $19 million.

The Soviet Union in December signed contracts to purchase from India 40 million meters of cloth worth $32 million. The 1980 trade agreement between the two countries provides for Soviet imports of about 80 million meters of cloth from India.

Poland, one of the leading buyers of India grey fabrics, also has finalized contracts for imports during 1980 of cotton fabrics valued at about $65 million. Indications are that this value will be increased to at least $13 million.—*Based on dispatch from U.S. Agricultural Officer, Bombay.* □

Workers in India loading cotton into a bale press.

West Germany

Hamburgers Give Stiff Competition to Sausages

West Germany is gearing up to handle a hamburger boom that has resulted in a surge in fast-food outlet construction and the opening of a facility to form about a half million hamburgers a day for one chain alone.

At least three U.S. hamburger chains currently are operating in West Germany and, between them will have about 176 outlets in operation by yearend. In addition, one sizable German restaurant chain is beginning to emphasize hamburgers in its menus.

The move toward fast foods is so pronounced that *afz* magazine, published by the German Butchers' Association, has advised Association members to study developments in the fast food sector to see how they can yield larger profits to meat tradespeople. At the same time, analysts have reported in several financial papers that West Germany faces a continuing hamburger boom, although business is stagnating in other restaurant sectors.

Other publications also have noted the growth of the fast food sector. The business magazine, *Wirtschaftswoche*, commented that the growth in fast food sales indicates that "Germans and their eating habits are more flexible than generally had been believed." According to the Frankfurter Allgemeine Zeitung, it is almost fashionable to be a hamburger fan.

At the opening of the hamburger forming plant at Geunzburg on the Danube (west of Munich in Bavaria) the mayor of the city expressed fears that German children, "eating hamburgers, catsup, and french fries, will soon forget the taste of (German) sausage." And other observers have expressed amazement at the phenomenal growth of the hamburger cult, based on a food which, when first introduced about 10 years ago, was given no chance of survival.

The first U.S. hamburger company on the West German scene was McDonald's, which opened its first outlet in Hamburg in 1971, and now operates about 100. It plans to open another 30 in 1980.

Burger Chef is the second largest U.S. fast food company catering to the West German hamburger appetite. It now operates 14 restaurants and plans to open another 15 in 1980.

A new U.S. entrant in the West German fast food market is Wendy Restaurant Inc., being managed by Oetker, an international food corporation. Wendy operates two outlets in Munich and plans to open several others elsewhere in Bavaria. It also plans to open several establishments at other German locations to bring the total to 15 by the end of 1980.

Kocholffel (Wooden Spoon) Corporation, a more traditional West German restaurant chain, is beginning to emphasize hamburgers in addition to regular German foods. In the past, the company's 105 grill restaurants served meals based on fried sausages, french fries, and chicken. Three years ago the company added hamburgers to its food line and at present about 20 percent of the firm's annual sales come from hamburgers.

The hamburger forming plant, which wil provide patties for all McDonald's outlets in West Germany from its Bavarian location, is believed to be the largest establishment of its kind in the world. The facility is owned by the Lutz meat packing plant of Bavaria—a livestock and meat cooperative—and Otto and Sons, Chicago, and is operated by the L+O firm.

The availability of high quality manufacturing beef in the Bavarian Simmental farming region helped determine the plant's location. Another factor was that Geunzburg, Bavaria, provided access by the firm's deep-freeze trucks via the country's national highway system to Berlin, Hamburg, Munich, and a number of other important cities.

At present, L+O processes about 600 beef forequarters (25-30 metric tons) daily. The plant's two forming machines, operating one shift a day, produce about 64,000 patties an hour in the 45-gram and quarter-pounder sizes for a daily total of 500,000 patties. Plant space also is available for the installation of three additional production lines.—*Based on report by Andrew A. Duymovic, U.S. Agricultural Attaché, Bonn.* □

Hungary

Holstein Crossbreeding Ups Milk Yield, More Semen Imports Seen

Hungary's impressive gains in milk production since the start of massive crossbreeding in 1972 of native breeds with Holstein-Friesian stock are generating continued strong demand for imported semen, particularly from the United States.

Prior to the start of the breed improvement program, Hungary's milk production per cow was relatively steady at less than 2,300 liters per year.

By 1979, output had jumped to 3,200 liters per cow, and another 100-liter increase per head is expected during 1980.

On state farms, which pioneered the breed improvement program and which have about a fourth of the country's total dairy herd, production nears 5,000 liters per cow.

The rising level of milk output on all Hungarian farms is a direct result of introducing U.S. and Canadian Holstein breeding stock on a continuing basis since 1972.

Although shortages of foreign exchange preclude large-scale imports of Holstein-Friesian animals, Hungary continues to import substantial amounts of semen.

Last year, for example, U.S. exports of semen to Hungary were valued at $978,000, a substantial jump from the $205,000 worth exported in 1978 and more than double the 1977 level of $460,000. Exports during

1980 are projected to continue at a high level.

Hungary's plans for continuing the breed inprovement program in 1980 also include importation of about 10 Holstein-Friesian and about 10 Hereford breeding bulls from the United States and Canada.

Plans for improving Hungarian beef cattle stock have been slowed by a continuing discussion among Government officials regarding the most desirable course—whether to import Hereford, Limousine or Charolais animals. As a result of the discussion, only a limited amount of crossbreeding with these types continues.

The Government also is emphasizing expansion of sheep numbers to meet growing export demand for lamb and cheese, and domestic demand for wool.—*Based on reports from U.S. Agricultural Attaché for Hungary.* □

GDR

Meat Sector To See Few 1980 Gains

With the exception of the sheep flock, no segment of the German Democratic Republic's (GDR) livestock population showed serious growth in 1979 and the situation is likely to be the same in 1980. Meat exports, which consist mostly of pork and pork products, are expected to remain about the 1979 level. Live animal exports also are expected to remain the same in both years.

Cattle numbers at the beginning of 1979 rose by less than one-half of 1 percent from the 1978 level to 5.57 million head. At the beginning of 1980, cattle numbers are seen rising again by another one-half percent to 5.60 million head.

Swine numbers declined slightly at the beginning of 1979 to 11.73 million head, but actual numbers in the early part of the year were lower because the cold weather killed sizable numbers of young pigs. The swine herd is expected to climb to 12.1 million head in 1980, which will put this year's level slightly ahead of 1978's 11.76 million head.

Sheep numbers continued their long-term rise to 1.98 million head at the beginning of 1980, up from 1.96 million in 1979. The biggest annual increase in recent years was between 1977 and 1978 when the number rose by 3 percent from 1.87 million head to 1.93 million. The gain in beginning inventories in 1979 and 1980 was close to the 2-percent level.

Beef and veal production is expected to rise by less than 1 percent between 1979 and 1980 to 400,000 tons, based on a carcass weight of 57 percent of the liveweight. Production of beef and veal in 1979 is estimated at 397,000 tons. The loss of young pigs probably reduced pork production as the GDR sought to rebuild the herd from the low numbers in early 1979.

Estimated 1979 pork production declined from slightly more than 1 million tons in 1978 to about 990,000 tons. The 1980 figure is expected to increase slightly from the previous year's level to 1 million tons, based on a carcass weight of 71 percent of the liveweight.

East Germany is a heavy exporter of slaughter swine. In 1978 it shipped 246,558 swine to France, 197,000 to the Federal Republic of Germany, and 22,576 to Italy. It is probable that implementation of the European Community's supplementary import levy cut these exports from about 500,000 head in 1978 to the estimated 400,000-head level in 1979.

It is also estimated that the GDR exports about 250,000-300,000 lambs annually, although confirming data are hard to find. The GDR apparently plans to keep cattle and swine numbers at present levels, but will likely increase the number of sheep over the long term.

East Germany does not publish data dealing with trade in livestock products. Import statistics from third countries and other pertinent figures must be used to arrive at GDR exports for such products.

Beef and veal exports are believed to be hovering around the 32,000-33,000-ton mark in 1979 and 1980, while lamb, mutton, and goat meat exports are seen staying at 5,000-6,000 tons. Exports of pork are estimated at 110,000 tons in both 1979 and 1980, down from 1978's estimate of 130,000 tons.

These estimated export figures include meat that goes to feed Soviet Union soldiers stationed in the GDR.

The GDR also imports small amounts of meat, but data are not available.—*Based on report by Roger S. Lowen, U.S. Agricultural Attaché, Berlin.* □

Soviet Union

AgMin Moves To Ease Tight Grain Situation

A number of articles in the Soviet press suggest that Soviet leaders are taking steps to avert or correct a tight grain situation in the USSR.

One press report of a speech by the Soviet Minister of Agriculture, V.K. Mesyats, emphasized the importance of fulfilling the production target of 235 million tons of grain during 1980—the final year of the Soviet's tenth Five-Year Plan. (Average annual grain production during the first 4 years of the tenth Five-Year Plan amounted to only 209 million tons, versus the plan goal of about 217 million tons per year.)

Production measures mentioned by Mesyats include top-dressing with fertilizer to improve the condition of winter crops; reseeding where necessary; selecting the proper grains for sowing; and increasing the size of areas sown for barley, oats, pulses, groats (millet, buckwheat, and rice) and corn, with special emphasis on the latter two.

Mesyats also called for an increase of on-farm storage to reduce postharvest grain losses resulting from inadequate storage facilities.

The U.S. Agricultural Counselor, Moscow, estimates harvested grain area in 1979 fell to 123-126 million hectares, compared with 128.5 million in 1978. □

TRADE BRIEFS

U.S. Soybean Meal Share in Hungary Should Grow in 1980

Hungary imported 610,000 tons of soybean meal during 1979, including only 120,000 tons from the United States—largely because of lower-price Brazilian meal. Outlook for 1980 shows that Brazil will maintain its price advantage as a result of its expected large soybean crop in early 1980. However, the U.S. share is expected to increase somewhat this year. Hungary bought heavily (80,000 tons) from the United States during the first quarter of 1980 because of the short 1979 Brazilian crop. But it is likely that Brazil will again dominate the market until fall, when further purchases of U.S. meal should resume.

Larger Peanut Crop Brightens S. Africa's Outlook for Exports

South Africa's 1979/80 peanut crop (shelled basis) is presently estimated at about 195,000 tons, up nearly 56 percent from the 1978/79 production level. If the quality of the crop is significantly better than last year's, between 25,000 and 30,000 tons of edible hand-selected peanuts should be available for export this season, compared with 15,000 tons a year earlier.

U.S. To Provide 5,500 Tons of Food Aid to El Salvador

The U.S. Agency for International Development recently signed two agreements to provide $13 million of U.S. aid to El Salvador to help stabilize that country's economy. The larger agreement, a $10 million loan and a $300,000 grant, will create immediate short-term jobs for up to 40,000 poor people. In addition, a $2.7-million Food for Peace grant will provide 5,500 metric tons of food, consisting of corn, rice, vegetable oil, and dry milk.

Australia To Build Cold Storage Complex In Suez, Egypt

Australian Minister for Primary Industry, Peter Nixon, recently signed an agreement with the Egyptian Government for Australia to construct a 10,000-cubic-meter cold storage complex in Suez. Nixon said this was the first Australian capital aid project with Egypt, representing a significant development in economic relations between the two countries.

Peru's Sugar Exports Fall to 30-Year Low

Peru's sugar exports in 1979 appear to have been the lowest in more than 30 years and may be even lower in 1980 as last year marked the fifth straight year of declining production. The plight of Peru's sugar industry could mean that the country may not be able to meet the 1980 export quota under the International Sugar Agreement that will probably be higher than the 1979 level of 280,000 tons.

U.S. Export Gains in Manufactured Tobacco Offset Dip in Leaf

U.S. exports of unmanufactured leaf tobacco totaled 257,000 tons in 1979, down nearly a fifth from 1978's record level and around 10 percent below the 1976-78 average. Shipments to European markets slipped 29 percent, reflecting inventory buildup from the excellent 1978 U.S. crop and expectations of continuing stable consumption levels. U.S. leaf exports to Asian countries rose 5 percent last year, with larger sales to Taiwan, Thailand, South Korea, and Hong Kong. U.S. exports of manufactured tobacco—mainly cigarettes—continued to expand in 1979, reaching $964 million, 26 percent above the year-earlier level. Tobacco's net contribution to the U.S. balance of trade last year was nearly $1.7 billion.

Irish Cattle Exports To Libya Reportedly Rising Sharply

Irish cattle exporters are reportedly securing large contracts for live cattle to Libya and other Middle Eastern countries this year. Trade sources reported that more than 100,000 cattle were involved through early 1980, with more likely to follow. Reportedly, cattle stocks are lower this year in some Middle Eastern and East European countries, so Irish cattle exports could be diverted from traditional EC markets, which are currently well supplied. Ireland's cattle exports to Libya last year totaled over 60,000 head of nearly 80,000 shipped to third countries out of a total 320,000 to all destinations.

Yugoslavia's Imports Of U.S. Soybeans To Rise Slightly

Yugoslavia's soybean import requirements for calendar 1980 are estimated at about 280,000 tons, compared with about 250,000 tons last year. As in the past, the United States will be the sole supplier. All of these imports will be crushed at the Zadar plant. Completion of another soybean processing plant at Becej—with a planned capacity of 160,000 tons a year—again has been delayed and the opening is now scheduled for 1981.

EC Beef Exports Returning to U.S.

The 5,000-ton U.S. quota for beef from the European Community, negotiated during the Multilateral Trade Negotiations, is likely to be filled mostly by Ireland and Denmark. EC beef exports to the United States were stopped in 1976 by U.S. countervailing duties. Resumption of trade was made possible by withdrawal of the countervailing duty complaint by U.S. producer interests in early April.

Romania Weighs Cattle Import Question, While Raising Swine Imports

Romania's Ministry of Agriculture officials have indicated an interest to import Brown Swiss and Simmental heifers during 1980 while postponing a decision on U.S. Holstein heifer imports until later this year. Questions remain in regard to the importation of dairy cattle versus the dual-purpose animal characteristic of Romanian cattle. However, U.S. dairy cattle semen imports are expected to continue this year. Romania also plans to import a significant number of swine during both 1980 and 1981 to populate two 1,000-unit facilities with imported breeding sows in an effort to compare the reproductive ability of imported breeds vis-a-vis domestic breeds.

WORLD AGRICULTURAL DAYBOOK

MAY

Trade/Technical Team Trips

U.S. Teams Overseas

Date	Team	To
Apr. 2-May 16	U.S. Maid of Cotton	Japan, Korea, Hong Kong, Singapore, India, West Germany, Greece, U.K.
May 9-10	Feed quality control	Japan, Taiwan
May 10-24	Swine feed	Belgium, West Germany, The Netherlands

Foreign Teams in the U.S.

Date	Team	To
May 12-24	Greek dairy cattle feed	New York, Virginia, Washington, D.C., Ohio, Utah, California

Trade Fairs/Exhibits

Date	Event and location
In May	U.S. food promotion, 10 restaurants, Hong Kong
In May	U.S. beef promotion, Hilton Hotel, Paris
May 1-4	Swine exhibit and fair; Reggio-Emilia, Italy
May 11-18	Expica 1980 (Central American livestock show); Tegucigalpa, Honduras
May 17-Sept. 1	International Flower Show, Montreal
May 24-June 8	Cyprus International Fair, Nicosia

Meetings

Date	Organization and location
Apr. 29-May 11	Swine crossbreeding seminar, Reggio-Emilia, Italy
May/June	U.S.-EC discussion on European Community enlargement, Brussels
May 5/6	Meat & Poultry Seminar, Manila
May 5-7	OECD Working Party, Agricultural Policies; Paris
May 5-9	FAO Intergovernmental Group on Bananas, Rome
May 12-23	FAO Program Committee, Rome
May 14-16	Leaf Tobacco Export Association; White Sulfar Springs, W.Va.
May 14-17	American Cotton Shippers Association convention; Hot Springs, Va.
May 18-20	National Cottonseed Products Association convention; San Antonio, Tex.
May 19-22	OECD Group on Energy & Agro-Food Sector, Paris
May 19-30	FAO Finance Committee, Rome
May 20/21	Universal cotton standards; Memphis, Tenn.
May 26-30	FAO Forestry Committee, Rome
May 26-31	International Epizootics Office, general session; Paris
May 27-30	UNCTAD Negotiating Conference on a Common Fund, Geneva
May 27-June 4	UNCTAD Special Committee on Tariff Preferences, Geneva
May 28-30	OECD Seed Varietal Certification Program, Paris
Week of May 29	U.S.-Polish Trade Commission, Warsaw
Late May	President's Export Council, Subcommittee on Agriculture; Washington, D.C.

World Sugar Export Tonnages Set

Basic sugar export tonnages for International Sugar Agreement (ISA) member countries during 1980 have been set partly on the basic export amounts agreed to at the founding of ISA in 1977 and partly on individual country export performance during 1978 and 1979.

The new tonnages went into effect April 1 following a meeting in London during late March of the ISA Council, which met to review the first 2 years of ISA operation and make adjustments for the next 3 years.

The tonnage formula came into operation after the Council failed to arrive at a consensus on new basic export figures for individual member countries.

The tonnages represent percentage shares of total world sugar exports to be used by each exporting country when export quotas are in effect. Quotas have been suspended since January 11, 1980, because of the prevailing price situation.

The ISA Council also approved a 1-cent increase—to 12-22 cents—in the official ISA sugar export price range, while compensating adjustments in the various trigger points.

Restrictions on imports from nonmember countries may be imposed when the prevailing price drops below 20 cents, while the reinstitution of export quotas will become optional at 16 cents and mandatory at 15 cents.

The Council proposed to begin operating—following earlier postponements—its stock financing fund no later than July 1, 1980. The fund will require contributions on all free-market sugar exported or imported by ISA members. Fees collected are expected to be minimal.—*Alvin Gilbert, Horticultural and Tropical Products Division, FAS.*

Correction: First sentence of third paragraph, page 18, February issue, *Foreign Agriculture*, should read: "U.S. grain exports to the United Kingdom consist of wheat and corn."

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New Food Aid Convention Negotiated

Developing countries will receive greatly increased aid in the form of wheat and other cereals and cereal products under the new Food Aid Convention negotiated in early March in London.

Under the new agreement, the Food Aid Committee, which is comprised of the United States, Canada, Australia, Argentina, Japan, the European Community, and five other West European countries, will donate 7.6 million metric tons of cereals annually for use in developing countries. This compares with an annual total of 4.2 million tons under the Food Aid Convention of 1971, which the new agreement supersedes. (Two new donors—Australia and Norway—joined the current Convention in 1979.)

Subject to ratification by the legislative bodies of the signatory governments, the Food Aid Convention, 1980, will enter into force July 1, 1980. It will replace the Food Aid Convention, 1971, from which it differs in a number of respects. Its objective is to reach through a joint effort by the international community, the World Food Conference target of at least 10 million tons of food aid annually to developing countries in the form of wheat and other grains suitable for human consumption. As before, the obligations remain in quantitative terms, an important consideration in times of increased grain prices.

While the commitments of the current members do not meet this target, it is hoped that new donors, possibly including some of the OPEC countries, will join the Convention and ultimately enable this goal to be reached.

The Food Aid Convention, 1980, will be one of the constituent instruments of the International Wheat Agreement, 1971, as extended. It continues to be a focus for international cooperation in food aid matters.

The new Convention will remain in force through June 30, 1981, expiration date of the Wheat Trade Convention, 1971, which is the other constituent element of the International Wheat Agreement, 1971. There is, however, provision for extending the Food Aid Convention beyond that date.

Donors and Their Minimum Annual Contributions Under the Food Aid Convention, 1971 and 1980

[In 1,000 metric tons]

Donor	1971	1980
Argentina	23	35
Australia	225	400
Austria[1]	—	20
Canada	495	600
European Community	1,287	1,650
Finland	14	20
Japan	225	300
Norway[1]	—	30
Sweden	35	40
Switzerland	32	27
United States	1,890	4,470

[1] Austria and Norway became members of the FAC during 1979/80.

In addition to the increased food aid commitments provided for, the new Convention contains a number of new features that will significantly increase the benefit of the aid to recipients. The most important of these are:

- Rice is now formally allowed to fulfill obligations.
- Members will make their contributions, as far as possible, on a forward-planning basis.
- If low-income developing countries as a whole suffer a substantial shortfall in food gains, the Food Aid Committee may recommend that members should increase the amount of aid available to cover emergency needs.

The new Convention also provides for a more realistic method of determining the value of contributions from donor countries that purchase grain from other grain exporting countries to meet their food aid commitments. Under the 1971 Convention, such contributions were converted into quantitative terms at a rate of $1.73/bushel—a very unrealistic rate in the latter years of the Convention. Henceforth, cash contributions will be valued on the basis of market prices for wheat.

Cash donors include Japan, Norway, and Switzerland.

As in the 1971 Convention, a measure of preference is to be granted to developing countries—in particular developing members of the Food Aid Convention—in the purchase of grain for food aid by cash donors.—*By Don Phillips, Grain and Feed Division, FAS; and Frank A. Coolidge, Assistant U.S. Agricultural Attaché, London.* □